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8591
No. 12323

United States
Court of Appeals
For the Ninth Circuit.

EARL A. ERNST,

Appellant,

VS.

A. G. CLEMENS and H. G. McBRIDE, and A. G.
CLEMENS and H. G. McBRIDE, doing busi-
ness as IDEAL MANUFACTURING COM-
PANY,

Appellees.

Transcript of Record
In Two Volumes
Volume I
(Pages 1 to 322)

Appeal from the United States District Court
Southern District of California,
Northern Division.

FILED

FEB 2 - 1950

PAUL P. O'BRIEN,

CLERK

No. 12323

United States
Court of Appeals
For the Ninth Circuit.

EARL A. ERNST,

Appellant,

vs.

A. G. CLEMENS and H. G. McBRIDE, and A. G.
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INDEX

[Clerk's Note: When deemed likely to be of an important nature, errors or doubtful matters appearing in the original certified record are printed literally in *italic*; and, likewise, cancelled matter appearing in the original certified record is printed and cancelled herein accordingly. When possible, an omission from the text is indicated by printing in *italic* the two words between which the omission seems to occur.]

	PAGE
Affidavit	304
Appellant's Designation of Portions of the Record on Appeal to Be Printed.....	320
Certificate of Clerk.....	300
Complaint for Infringement of Letters Patent No. 2,288,159 and Reissue No. 22,740.....	2
Decision	17
Defendants-Appellees' Counter-Designation of Contents of Record on Appeal.....	43
Exhibit, Plaintiff's:	
No. 16—Deposition of Harry Gearing.....	199
—direct	202
—cross	244, 263
—redirect	291, 297
—recross	295
Final Judgment.....	33
Findings of Fact and Conclusions of Law.....	21
Conclusions of Law.....	31
Findings of Fact.....	21

INDEX	PAGE
First Amended Answer to Complaint.....	5
Names and Addresses of Attorneys.....	1
Notice of Appeal.....	34
Order Denying Motion to Enlarge Designation of Transcript.....	306
Order Extending Time to File Record and Docket Appeal.....	35
Plaintiff's Designation of Contents of Record on Appeal.....	38
Reporter's Transcript of Proceedings.....	44
Statement of Points on Appeal.....	308
Stipulation Concerning Use of Copies of Docu- mentary Evidence.....	15
Stipulation for Corrections in Deposition of Harry Gearing.....	315
Stipulation Extending Time to Serve and File a Designation of Additional Portions of the Record, Etc., and to File and Docket Appeal	302
Stipulation and Order Omitting Titles, Etc., From Pleadings and Other Papers.....	314
Undertaking for Costs on Appeal.....	36
Witnesses, Defendants': Day, Spencer Darby	
—direct	106
—cross	112

INDEX

PAGE

Witnesses, Defendants'—(Continued):

Glenn, J. Walker

—direct117, 126, 152

—cross158, 171

McBride, H. G.

—direct 105

Witnesses, Plaintiff's:

Ernst, Earl A.

—direct 51

—cross68, 83

—redirect 95

Stolz, Henry J.

—direct96, 195

—cross 101

Vol. II (Book of Exhibits)

Exhibits, Plaintiff's:

No. 1—Patent No. 2,288,159..... 323

2—Patent No. 22,740..... 326

2-A—Patent No. 2,347,474..... 330

14—Patent No. 1,616,016..... 418

16—(Harry Gearing Deposition Exhibits):

No. 3—Patent No. 1,191,243..... 336

4—Patent No. 420,049..... 347

	INDEX	PAGE
Exhibits, Plaintiff's—(Continued):		
5—Patent No. 435,681.....		352
6—Patent No. 826,988.....		355
7—Patent No. 1,014,444.....		367
8—Patent No. 1,719,124.....		376
9—Patent No. 397,679.....		383
10—Patent No. 69,746.....		388
11—Patent No. 512,780.....		392
12—Patent No. 805,625.....		398
13—Patent No. 1,369,502.....		402
14—Patent No. 1,465,609.....		408
15—Patent No. 1,818,427.....		412
Exhibit, Defendants':		
F		423-559

NAMES AND ADDRESSES OF ATTORNEYS

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RICHARD M. WORREL,
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Fresno, Calif.

In the District Court of the United States, Southern
District of California, Northern Division

Civil Action No. 721-ND

EARL A. ERNST,

Plaintiff,

vs.

A. G. CLEMENS and H. G. McBRIDE, and A. G.
CLEMENS and H. G. McBRIDE, doing busi-
ness as Ideal Manufacturing Company,
Defendants.

COMPLAINT FOR INFRINGEMENT OF LET-
TERS PATENT No. 2,288,159 AND RE-
ISSUE No. 22,740

To the Honorable, the Judges of the District Court
of the United States in and for the Southern
District of California, Northern Division:

Plaintiff for his complaint alleges as follows:

I.

Plaintiff is a citizen of the United States and a
resident of Bakersfield, in the County of Kern, and
State of California, in the Southern District of
California, Northern Division.

II.

Defendants, and each of them, are citizens of the
United States and residents of Shafter, in the
County of Kern, and State of California, in the
Southern District of California, Northern Division.

III.

The jurisdiction of the Court depends upon the patent statutes of the United States of America, and more particularly section 24 of the Judicial Code, Par. 7, and R. S. Sec. 4921 (U.S.C., Title 35, sec. 70).

IV.

On June 30, 1942, United States Letters Patent No. 2,288,159 were duly and legally issued to Earl Ernst, administrator of Frederick J. Ernst, deceased, for an invention in Sacking Device, to which Letters Patent Joseph A. Ernst and Mary J. Ernst, husband and wife, and the surviving parents of the above named decedent, Frederick J. Ernst, were entitled under the laws of the State of California, the said decedent never having married and having died intestate.

By an instrument in writing, dated July 20, 1943, the said Joseph A. Ernst and Mary J. Ernst assigned, transferred and set over to the plaintiff herein, his successors or assigns, all their right, title and interest in and to said Letters Patent, together with all their right or rights of action for any past infringement of said Letters Patent, and since said date plaintiff has been and still is the owner of those Letters Patent.

V.

On April 2, 1946, United States Letters Patent Reissue No. 22,740 were duly and legally issued to plaintiff for an invention in Sack Jigger, and since that date plaintiff has been and still is the owner

of those Letters Patent, said Letters Patent being a reissue of original Letters Patent No. 2,347,474, dated April 25, 1944.

VI.

Defendants, and each of them, have for a long time past been and still are infringing those Letters Patent by making, selling and using sacking devices and sack jiggers embodying said patented inventions, and will continue to do so unless enjoined by this Court.

VII.

Plaintiff has placed the required statutory notice on all sacking devices and sack jiggers manufactured and sold by him under said Letters Patent, and has given notice to defendants and each of them of said infringement.

Wherefore, plaintiff demands a preliminary and a final injunction against further infringement by defendants and each of them, and those controlled by defendants and each of them, an accounting for profits and damages, that such damages be trebled, an assessment of costs against defendants, and that plaintiff be awarded a reasonable attorney's fee.

/s/ ALAN FRANKLIN,

Attorney for Plaintiff.

Of Counsel:

/s/ EARL MOORE

[Endorsed]: Filed April 29, 1948.

[Title of District Court and Cause.]

FIRST AMENDED ANSWER
TO COMPLAINT

Defendants for their first amended answer to the complaint of the plaintiff aver as follows:

I.

Defendants are without knowledge or information sufficient to form a belief as to the truth of the averments in paragraph I of the complaint.

II.

Defendants admit the averments contained in paragraph II of the complaint.

III.

Defendants admit the averments of paragraph III of the complaint.

IV.

Answering paragraph IV of the complaint, defendants admit United States Letters Patent No. 2,288,159 issued on June 30, 1942 to Earl Ernst, administrator of Frederick J. Ernst, deceased, but deny that said Letters Patent were duly or legally issued or that the subject matter thereof involved any invention, and as to the remaining averments of said paragraph IV defendants are without knowledge or information sufficient to form a belief as to the truth thereof.

V.

Answering paragraph V of the complaint, defendants admit that United States Letters Patent Reissue No. 22,740 issued to plaintiff on April 2, 1946, purporting to be a reissue of original Letters Patent No. 2,347,474, dated April 25, 1944, but deny that said reissue patent or said original patent were duly or legally issued, and deny that either of said Letters Patent involved an invention, and as to whether plaintiff has been or still is the owner of the said reissue Letters Patent defendants are without knowledge or information sufficient to form a belief as to the truth of the averments.

VI.

Defendants deny each and every averment contained in paragraph VI of the complaint.

VII.

Defendants are without knowledge or information sufficient to form a belief as to the truth of the averment in paragraph VII of the complaint concerning statutory notice, and as to the averment in said paragraph VII of the complaint that the plaintiff has given notice to defendants, and each of them, of asserted infringement defendants deny the same.

VIII.

As a further and separate defense to plaintiff's alleged cause of action, defendants aver that said Letters Patent No. 2,288,159 is invalid and void for the reason that the alleged invention thereof at-

tempted or purported to be patented therein and every material and substantial part thereof, had long prior to the alleged invention or discovery thereof by the said Frederick J. Ernst (applicant for said patent) or more than one year prior to the filing of any purported application for the said patent, been patented, described, contained and claimed in patents of the United States, as follows:

File Wrapper References

Name	Number	Filing Date	Patent Date
Bates	643,102	Sept. 20, 1899	Feb. 13, 1900
Norkewitz	860,936	Nov. 9, 1906	July 23, 1907
Cunningham	873,991	Sept. 16, 1907	Dec. 17, 1907
Nielsen	869,725	April 24, 1905	Oct. 29, 1907
Helenbolt	1,338,729	Sept. 24, 1919	May 4, 1920
McBride	1,504,894	Nov. 7, 1921	Aug. 12, 1924
Carpenter	1,532,228	May 29, 1923	April 7, 1925
De Back	1,961,478	April 2, 1931	June 5, 1934
Vosler et al	2,026,200	Jan. 5, 1931	Dec. 31, 1935
Erickson et al	2,043,739	Dec. 2, 1933	June 9, 1936

Not File Wrapper References

Blank	805,625	July 6, 1905	Nov. 28, 1905
True	1,369,502	May 12, 1919	Feb. 22, 1921
Macbeth et al	1,465,609	March 24, 1919	Aug. 21, 1923
Paisley	1,818,427	Nov. 17, 1928	Aug. 11, 1931

IX.

As a separate and further defense to plaintiff's alleged cause of action, defendants, and each of them, further aver that the said Patent No. 2,288,159 is invalid and void for the reason that the said Frederick J. Ernst was not the original, first, true or sole inventor or discoverer of the alleged invention or discovery purported or attempted to be pat-

ented therein, or of any material or substantial part thereof, but that the same was fully disclosed, contained and described prior to the alleged invention or discovery thereof by the said Frederick J. Ernst or more than one year prior to the filing of any purported application for the said patent, in printed publications, including among others, the specifications, claims and drawings of each and every one of the patents identified in paragraph VIII hereof.

X.

As a separate and further defense to plaintiff's alleged cause of action, defendants, and each of them, further aver that if the claims of said patent are alleged or sought to be construed so as to dominate the alleged infringing devices used by the defendants, or any of them, then the said Frederick J. Ernst was not the true, original, first or sole inventor or discoverer of any material or substantial part or parts of the thing attempted to be patented, but that the same involved merely the exercise of ordinary mechanical skill and judgment in view of common knowledge and practice in the art long prior to said Frederick J. Ernst's alleged invention or for more than one year prior to his alleged application for said patent, such common knowledge and practice in the art being illustrated by way of example by the herein set forth patents.

XI.

As a separate and further defense to plaintiff's alleged cause of action, defendants, and each of

them, aver upon information and belief that in view of the knowledge, practice and state of the art at and prior to the date of filing of the application for said patent, it required no invention whatsoever but only the ordinary skill of the art to which the alleged invention of said patent appertains, to produce the alleged invention or discovery thereof, and that said patent is consequently invalid and void for lack of invention and for lack of patentable novelty.

XII.

As a separate and further defense to plaintiff's alleged cause of action, defendants, and each of them, further aver upon information and belief that said patent in suit No. 2,288,159 does not describe the alleged invention or discovery thereof, as required by law, in such full, clear, concise or exact terms as to enable any person skilled in the art or science to which it appertains or with which it is most clearly connected, to make, construct, employ or use the same, and that the said patent does not point out particularly and distinctly claim the parts, improvements or combinations claimed as the patentee's alleged invention or discovery, as required by law, and that the patent is, therefore, invalid and void for failure to comply with or satisfy the requirements of the statutes of the United States in such case made and provided and then and now in force, more particularly, Section 4888 R.S. (U.S.C.A. Title 35, Section 33).

XIII.

As a further and separate defense to plaintiff's alleged cause of action, defendants aver that said Letters Patent Re. 22,740 is invalid and void for the reason that the alleged invention thereof attempted or purported to be patented therein and every material and substantial part thereof, had long prior to the alleged invention or discovery thereof by the said Earl A. Ernst (applicant of said reissue patent and of said original patent No. 2,347,474) or more than one year prior to the filing of any purported application for the said patent, been patented, described, contained and claimed in patents of the United States, as follows:

File Wrapper References

Name	Number	Filing Date	Patent Date
Nielsen	869,725	April 24, 1905	Oct. 29, 1907
Keeran	893,516	Jan. 28, 1908	July 14, 1908
Broussard	1,025,781	Feb. 23, 1911	May 7, 1912
Stehlin	1,191,243	March 5, 1915	July 18, 1916
Cowley	1,225,586	Oct. 8, 1915	May 8, 1917
Sargent	1,352,225	April 14, 1919	Sept. 7, 1920
Williams	1,640,103	April 9, 1926	Aug. 23, 1927
Shaler	1,924,202	April 22, 1932	Aug. 29, 1933
Nicolas	2,119,174	July 1, 1936	May 31, 1938
Anderson	2,234,069	July 14, 1939	March 4, 1941
Belcher et al	2,234,953	May 22, 1939	March 18, 1941
Ernst	2,288,159	Sept. 30, 1940	June 30, 1942

Not File Wrapper References

Fuerste	420,049	Sept. 14, 1888	Jan. 28, 1890
Buschmann	435,681	Dec. 2, 1889	Sept. 2, 1890
Bradbury	826,988	June 8, 1905	July 24, 1906
Broussard	1,014,444	Sept. 18, 1911	Jan. 9, 1912
Naeher	1,719,124	Nov. 28, 1927	July 2, 1929

and in foreign patents as follows:

		British	
Daniel Belcher	397,679	Sept. 15, 1932	Complete accepted August 31, 1933
		German	
Felix von den Wyngaert	69,746		Patented Nov. 16, 1892
Peter Steimel	512,780		Patented Sept. 28, 1927

XIV.

As a separate and further defense to plaintiff's alleged cause of action, defendants, and each of them, further aver that the said Patent Re. 22,740 is invalid and void for the reason that the said Earl A. Ernst was not the original, first, true or sole inventor or discoverer of the alleged invention or discovery purported or attempted to be patented therein, or of any material or substantial part thereof, but that the same was fully disclosed, contained and described prior to the alleged invention or discovery thereof by the said Earl A. Ernst or more than one year prior to the filing of any purported application for the said patent, in printed publications, including among others, the specifications, claims and drawings of each and every one of the patents identified in paragraph XIII hereof.

XV.

As a separate and further defense to plaintiff's alleged cause of action, defendants, and each of them, further aver that if the claims of said patent are alleged or sought to be construed so as to dominate the alleged infringing devices used by the de-

fendants, or any of them, then the said Earl A. Ernst was not the true, original, first or sole inventor or discoverer of any material or substantial part or parts of the thing attempted to be patented, but that the same involved merely the exercise of ordinary mechanical skill and judgment in view of common knowledge and practice in the art long prior to said Earl A. Ernst's alleged invention or for more than one year prior to his alleged application for said patent, such common knowledge and practice in the art being illustrated by way of example by the herein set forth patents and publication.

XVI.

As a separate and further defense to plaintiff's alleged cause of action, defendants, and each of them, aver upon information and belief that in view of the knowledge, practice and state of the art at and prior to the date of filing of the application for said patent, it required no invention whatsoever but only the ordinary skill of the art to which the alleged invention of said patent appertains, to produce the alleged invention or discovery thereof, and that said patent is consequently invalid and void for lack of invention and for lack of patentable novelty.

XVII.

As a separate and further defense to plaintiff's alleged cause of action, defendants, and each of them, further aver upon information and belief that said patent in suit Re. 22,740, does not describe the

alleged invention or discovery thereof, as required by law, in such full, clear, concise or exact terms as to enable any person skilled in the art or science to which it appertains or with which it is most clearly connected, to make, construct, employ or use the same, and that the said patent does not point out particularly and distinctly claim the parts, improvements or combinations claimed as the patentee's alleged invention or discovery, as required by law, and that the said patent is, therefore, invalid and void for failure to comply with or satisfy the requirements of the statutes of the United States in such case made and provided and then and now in force, more particularly, Section 4888 R. S. (U.S. C.A. Title 35, Section 33).

XVIII.

As a separate and further defense to plaintiff's alleged cause of action, defendants aver upon information and belief that there did not exist statutory grounds to legally justify the reissue of the original United States Letters Patent No. 2,347,474 and that the Commissioner of Patents exceeded his authority in granting said reissue.

XIX.

Defendants allege on information and belief that intervening rights occurred in their favor as against the plaintiff between the date of the grant of the original Letters Patent No. 2,347,474 and the date of the application of the alleged Reissue Letters Patent No. 22,740.

XX.

Defendants deny that they, or any of them, have ever infringed said Letters Patent No. 2,288,159 or Reissue Patent No. 22,740, or that they intend to infringe both, or either of said Letters Patent.

Wherefore, the defendants, and each of them, pray that:

1. They, and each of them, be adjudged not to have infringed said Letters Patent, or either of them,

2. Said Letter Patent, and each of them, be held void,

3. Plaintiff's complaint be dismissed and that plaintiff take nothing thereby,

4. Defendants, and each of them, be awarded their costs incurred herein including reasonable attorneys' fees, and

5. For such other and further relief as the Court may deem just and proper in the premises.

Dated: December 14, 1948.

HERBERT A. HUEBNER and
RICHARD M. WORREL

By /s/ HERBERT A. HUEBNER,
Attorneys for Defendants.

It Is Stipulated that this First Amended Answer may be filed. Dec. 15, 1948.

/s/ ALAN FRANKLIN,
Attorney for Plaintiff.

[Endorsed]: Filed December 23, 1948.

[Title of District Court and Cause.]

STIPULATION CONCERNING USE OF
COPIES OF DOCUMENTARY EVIDENCE

It Is Hereby Stipulated and Agreed by and between the parties to the above entitled suit that uncertified, printed or photostat United States Patent Office copies of United States Letters Patent, without proof that they are such copies, but appearing on their faces to be such, may be introduced in evidence and used in said suit with the same force and effect as though proved to be original or certified copies thereof, and further that the date of application for each of said patents, appearing on the face thereof, shall be deemed and considered as proof of and as the filing date of the application for such patent, and that if error appear, true copies shall be substituted at the expense of the party offering such papers; and it is further stipulated and agreed that uncertified, printed or photostat copies of foreign Letters Patent, as supplied by the countries issuing such patents or as supplied by the United States Patent Office, may be introduced in evidence and used in said suit with the same force and effect as though proved to be originals thereof, and further that the dates appearing upon the faces of such copies of foreign patents indicative of material facts such as, for example, publication, grant, patenting, delivery, etc., shall be deemed and considered as proof of and as the dates of such material facts; all subject to the rights of either party to prove any such copy, by the introduction in evidence of the

original or of a certified or duly authenticated copy, to be other than a true and correct copy; and likewise subject to the rights of either party to offer objections as to the admissibility of any thereof on the grounds of immateriality, incompetency or irrelevancy.

It Is Further Stipulated that translations of said uncertified, printed or photostat copies of foreign Letters Patent represented by counsel to have been made by Singer, Ehlert, Stern & Carlberg, a law firm specializing in foreign patent and allied matters, of 28 East Jackson Boulevard, Chicago, Illinois, or under its supervision, may be introduced in evidence and used in said suit with the same force and effect for all intents and purposes as though proved by the translator thereof, in the same manner as the copies of United States Letters Patent, and likewise subject to objections as to admissibility of any thereof on the grounds of immateriality, incompetency or irrelevancy, as aforesaid.

Dated: March 4, 1949.

/s/ ALAN FRANKLIN,

Attorney for Plaintiff.

HERBERT A. HEUBNER and
RICHARD M. WORREL,

By /s/ HERBERT A. HUEBNER,
Attorneys for Defendants.

Approved and it is so ordered.

/s/ LEON R. YANKWICH.
Judge.

[Endorsed]: Filed March 8, 1949.

In the District Court of the United States, Southern
District of California, Northern Division

No. 721-ND

EARL A. ERNST,

Plaintiff,

vs.

A. C. CLEMENS, et al.,

Defendants.

DECISION

Honorable Leon R. Yankwich, Judge.

The above-entitled cause heretofore tried, argued
and submitted, is now decided as follows:

The Court finds:

(1) That Claim 1 of Patent No. 2288159 (F. J. Ernst) issued June 30, 1942, is valid, but not infringed by the defendants.

(2) That Claim 1 of Reissue Patent No. Re. 22740, reissued on April 2, 1946, is valid, but not infringed by the defendants.

Judgment will, therefore, be for the defendants. Neither side to recover any costs. Counsel for the defendants to prepare findings and judgment under Local Rule 7.

COMMENT

The case before us does not involve any novel principles of patent law. Instead, practically every one of the principles urged have been recognized by

me in opinions written over a course of years. Among which may be cited: *Hookless Fastener v. Greenberg*, 1937, D.C.Cal., 18 Fed. Sup. 296; *Mantz v. Kersting*, 1939, D.C.Cal., 29 Fed. Sup. 706; *Joyce v. Solnit*, 1939, D.C.Cal., 29 Fed. Sup. 787; *Joyce v. Fern*, 1940, D.C.Cal., 32 Fed. Sup. 401; *Kammerer V. McCullough*, 1941, D.C.Cal., 39 Fed. Sup. 213; *Holmes v. Atlas Garage Door*, 1945, D.C.Cal., 63 Fed. Sup. 692; *Blanchard v. Pinkerton*, 1948, D.C. Cal., 77 Fed. Sup. 861.

In this case, as stated at the oral argument, a situation confronts us similar to what arose in many of the cases to which reference has been made. An inventor in a crowded field, after endeavoring to secure a patent with broad claims, finally succeeds in securing a limited number of claims for a specific device. In endeavoring to keep others out of the field, he seeks, apparently in good faith, to broaden the scope of his claims by reference to the specifications. This cannot be done. I epitomized the matter in three brief sentences in *Blanchard v. Pinkerton*, *supra*; at p. 862:

“The specifications may be resorted to in order to resolve ambiguities. They may limit, but they cannot enlarge the claims. But in the last analysis, if there be infringement, it is the claims that are infringed and not the specifications.”

In a situation like the present one, we are in between a veritable Scylla and Charybdis. If we interpret the claims as they stand, there is no infringement. If, on the other hand, by resort to the

specifications, we interpret them broadly and carry into the claims the elements which are not in them, we land the device in the prior art, and there is no invention. Unless we are dealing with a patent of design or form in which the specifications and the exemplifications of the device play an important part, only when there is ambiguity in the claims is resort to the specifications justified. And there is no ambiguity in Claim 1 of either patent. In analyzing claims, in order to determine infringement, a good test, although not an infallible one, is to read the claim upon the accused devices. Such test here, as I indicated at the oral argument, and as further study confirms, is fatal to the claim of infringement. And this result follows from the comparison of the two patents given at the trial by Mr. E. A. Ernst, one of the plaintiffs, who was associated with his deceased brother, Frederick J. Ernst, in the development and exploitation of Patent No. 2288159 and who is the inventor in Patent Re. 22740. We find, as a consequence that, as to each of the patents, Claim 1 does not read upon the accused devices, unless the person who endeavors to so read them does, by quick mental processes, substitute equivalents for almost everyone of the fundamental elements in the patented device. This means carrying the doctrine of equivalents too afar. To illustrate briefly:

Referring to Patent No. 2288159, Ernst's analysis shows that Element 1 (a pair of spaced bars longitudinally of the belt) is not present; Element 2 (a loose sleeve on each bar) is not present, unless the

wheels and latch take their place. (See Exhibit 11b); Element 3 (a plate having a portion of its ends in the coupling means) is not present. The sheer plate takes its place (52); Element 4. The accused device has no coupling means. The rod and rollers must take their place. (They appear on Fig. 3 to the right of 56).

As to Patent Re 22740, Ernst's analysis shows: Element 1: Instead of Pitman adjacent the platform, we find a cross bar (Exhibit 11c); Element 2: Instead of a central open locus, the accused device shows a board, not at center (Exhibit 11a); Element 3: A rigid connection takes the place of one long board. (The jigger connection is at the end of the machine).

To find any similarity at all in the photographic representation of the accused device, Ernst combines two platforms (Elements (1) and (3) in order to arrive at one effect. (Element 2) The claims in this patent, as Ernst reads them, are almost identical with British Patent No. 397679 (Belcher). Indeed, even as written, they read on the accused device. This, of course, does not help the plaintiff because, in that event, both he and the defendants are infringing the British patent. In like manner, the claims on Patent No. 2277159 as Ernst would interpret them are in the prior art. Indeed, the plaintiff's expert, Harry Gearing, in his deposition, admits that anyone skilled in the art could have constructed the devices by slight modification of their teachings. But we need not rely upon such admissions. Ernst's

analysis and our own study of the claims involved, and the accused devices, in the light of the prior art and of accepted principles of patent law, leads to the inevitable conclusion that Claim 1 in each of the patents in suit, as worded and limited to the device which each describes clearly and without ambiguity is valid, but not infringed by the devices of the defendants now in use.

Hence the ruling above made.

Dated this 12th day of March, 1949.

/s/ LEON R. YANKWICH,
U. S. District Judge.

[Endorsed]: Filed March 12, 1949.

[Title of District Court and Cause.]

FINDINGS OF FACT AND
CONCLUSIONS OF LAW

Findings of Fact

I.

Plaintiff is a citizen of the United States and a resident of Bakersfield, in the County of Kern, and State of California, in the Southern District of California, Northern Division.

II.

Defendants, and each of them, are citizens of the United States and residents of Shafter, in the County of Kern, and State of California, in the Southern District of California, Northern Division. The defendant McBride purchased the defendant Clemens' interest in the business known as Ideal Manufacturing Company since the Complaint was filed and assumed all liabilities as well as gaining all assets.

III.

This action was instituted by the plaintiff for alleged infringement of United States Letters Patent Nos. 2,288,159 and Reissue 22,740 under Section 24 of the Judicial Code, Paragraph 7, and R. S. Sec. 4921 (35 U. S. C. 70), and defendants in their Answer attacked the validity of said patents and denied infringement thereof. Plaintiff charged only claim 1 of each patent to be infringed, and the remaining claims were not involved.

IV.

On June 30, 1942 United States Letters Patent No. 2,288,159 were duly and legally issued to Earl Ernst, administrator of Frederick J. Ernst, deceased, for an invention entitled Sacking Device, and by assignment from the heirs of said Frederick J. Ernst, on or about July 20, 1943, plaintiff became and still is the owner of said patent and of all rights of action for past infringement.

V.

On April 2, 1946 United States Letters Patent Re-issue No. 22,740 were duly and legally issued to plaintiff for an invention entitled Sack Jigger, and since that date plaintiff has been and still is the owner of those Letters Patent, said Letters Patent being a re-issue of original Letters Patent No. 2,347,474, dated April 25, 1944.

VI.

The apparatus shown and described in Patent No. 2,288,159 comprises in general endless traveling belts for conveying articles, brackets mounted on a frame along the belts for holding sacks to be filled, and a long stationary platform below the brackets to support the bottoms of the sacks. Above each of the belts is a pair of bars fixedly mounted. Sleeves are loosely mounted for sliding movement on the bars, and are connected by couplings to opposite notched corner ends of a shear plate by which the shear plate is obliquely mounted above and adjacent to the belt and can be moved along the bars to change the location of the shear plate. The apparatus is suitable for handling various kinds of articles. Claim 1 in suit does not refer to a sacking device or to a structure designed for handling any specified articles, but defines a device for unloading belt conveyors of articles in general, thus entering a broad field of art.

VII.

Claim 1 of said Patent No. 2,288,159 is limited, among other things, to a pair of spaced bars longi-

tudinally of the conveyor belt and substantially the length thereof, the bars being spaced above and substantially over the longitudinal edges of the belt. It is further limited to a loose sleeve on each bar, and the sleeve having attached coupling means to hold the shear plate. Still further limitations are that the plate has a portion of its ends in the coupling means, and the coupling means forms an acute angle with the sleeves. The prosecution in the Patent Office, the prior art, and admissions by plaintiff and his expert witness, as well as the testimony of defendants' expert, necessitate that the claim be read with these limitations. If interpreted more broadly, it would encroach upon the prior art.

VIII.

The apparatus shown and described in Patent No. Reissue 22,740 comprises in general an apparatus like that previously described for Patent No. 2,288,159 but with the following material differences: the platform is swingably hung on hinged links; it has cleats which in part establish sack stations; it has a central area (open locus) unoccupied by cleats or surmounted by sack brackets; and a power driven eccentric mechanism is located in that central region, having a pitman attached to an upstanding rigid coupling member bolted to the platform at the central area, for shaking the platform to settle the contents of the sacks being filled. Claim 1 in suit does not refer to structure designed for handling any specified articles, but defines a device for shaking containers and the like in general, thus entering a broad field of art.

IX.

Claim 1 of said Patent No. Reissue 22,740 is limited, among other things, to a platform with an elongated surface having container stations from the ends thereof to a central open locus, a pitman adjacent the platform, and coupling means connecting the pitman with a portion of the platform at this central open locus. The prosecution in the Patent office of the original Patent No. 2,347,474 and of the réissue, the prior art, and the admissions of plaintiff and his expert witness, as well as the testimony of defendants' expert, necessitate that the claim be read with these limitations. If interpreted more broadly, it would encroach upon the prior art.

X.

Claim 1 of said Reissue Patent 22,740 is identical to Claim 1 of said original Patent No. 2,347,474. Broader claims were sought in the reissue application but were rejected. From a final rejection Earl A. Ernst, the plaintiff, appealed to the Board of Appeals of the Patent Office, who affirmed the action of the Examiner, and the plaintiff then acquiesced in the rejection and accepted, among others, the same narrow Claim 1 of the original patent.

XI.

All of the patents pleaded in the Amended Answer as prior art were offered in evidence. The file wrappers and contents of No. 2,288,159, defendants' Exhibit "G", No. 2,347,474, defendants' Exhibit "H", and Reissue No. 22,740, defendants' Exhibit

“I”, the patents in suit, were received in evidence. Copies of all of the prior art patents pleaded in the defendants’ Amended Answer, including translations of the two German patents, were received as a single exhibit, defendants’ Exhibit “F”. In addition to these the plaintiff offered a prior art patent to Antony Wertenbruch, No. 1,616,016, plaintiff’s Exhibit 14. Expert testimony as to some of the prior art patents was presented by the plaintiff in the form of the deposition of Harry Gearing, plaintiff’s Exhibit 16. Expert testimony as to some of the prior art patents was presented by the defendants’ witness, Walker Glenn, who testified in open court. In addition to the prior art patents concerning which testimony was given, the Court considered all of the remaining prior art patents. Those advanced by the defendants as particularly pertinent in respect to Patent No. 2,288,159 were Cunningham, No. 873,991, and Helenbolt, No. 1,338,729, with which the Court concurs. Those advanced by the defendants as particularly pertinent to Patent Reissue No. 22,740 were Bradbury, No. 826,988 (not a file wrapper reference) and Naehar, No. 1,719,124 (not a file wrapper reference) with which the Court concurs. The Court also finds that the British patent to Belcher, No. 397,679, is particularly pertinent (not a file wrapper reference).

XII.

Both patents in suit, by admissions of plaintiff’s expert and on all other evidence pertinent to the point, are in a crowded art. The plaintiff, by a

showing of commercial reduction to practice of the two inventions in the specific adaptation of such inventions to the sacking of potatoes, endeavored to limit the field of prior art applicable and thereby secure a broader interpretation of his claims; but the same general considerations and principles are involved in the handling of potatoes as numerous other articles, and neither of plaintiff's patents either in the descriptions or the claims in issue are so limited. Said claims as described are broad as to subject matter, specific as to elements and the combination thereof, and must be narrowly construed if they are to be held valid. [26]

XIII.

The defendants manufactured and sold machines intended to perform the same general functions as those of the plaintiff. The defendants' machines are illustrated in photographs, Exhibits 1, 2 and 3-3 attached to plaintiff's interrogatories, the latter being plaintiff's Exhibit 5, also in photographs plaintiff's Exhibits 11-A, 11-B, 11-C, 12-A and 12-B, a blueprint, plaintiff's Exhibit 13, and in photographs defendants' Exhibits "A", "B", "C", "D" and "E".

XIV.

That part of the defendants' machines relating to the unloading of belt conveyors by a shear plate may be described briefly as follows:

Form 1. An endless belt stretched between oppositely disposed parallel rollers with power means

to drive one of the rollers is adapted to convey potatoes or any other articles which are to be moved from one location to another and to be diverted at selected stages into containers or for further handling. The diversion is accomplished by a shear plate positioned diagonally across the belt. This plate is suspended from a pair of rods located above the belt somewhat shorter than the belt. A trolley comprising sheaves mounted in a framework is arranged for rollable travel on each of the rods. From the framework vertically depends suspension members, the lower ends of which are bolted to the shear plate. A vertical slot is provided in the suspension members so that the elevation of the shear plate may be adjusted. A latch arrangement is associated with the trolley for releasably securing the trolley at any one of various selected positions along the rods, illustrated particularly in Exhibits 1 and 2 attached to plaintiff's interrogatories which are plaintiff's Exhibit 5.

Form 2. This form is identical to Form 1, except that only one overhead rod and trolley association is employed. On the opposite side a horizontal track is formed as a part of a steel plate extending alongside the belt as an element of table framework upon which the rollers and associated mechanism are supported. On this track for rolling movement is a sheave and axle which connects with one end of the shear plate, illustrated particularly in defendants' Exhibits "A" and "C" and plaintiff's Exhibit 11-B. A modification of no significance is shown in defendants' Exhibit "D".

XV.

That part of the defendants' machines which relates to the shaking mechanism may be described as follows:

Form 1. It is an apparatus for shaking bags or the like to settle the contents thereof, primarily while the bags are being filled. Such apparatus necessarily embodies a frame. It incorporates a pair of parallel traveling belts to convey articles from a remote location for distribution. At the delivery end of the traveling belt is a twin distributing apparatus as described in answer to Finding XIV, both forms having been employed. Each twin unit comprises in addition to the elements described in answer to Finding XIV a plank, or platform or table hingedly mounted upon the framework, this plank being suitable for the positioning thereon of a plurality of bags or other containers. A shaking means is provided in the form of an electric motor driving an eccentric which is coupled with a connecting strap, the opposite end of which is attached to the near end of the plank. The same motor and eccentric are utilized for powering two connecting straps individually attached to adjacent ends of the planks and consequently reciprocating both planks or platforms, illustrated in Exhibits 3-3 attached to plaintiffs interrogatories which are plaintiff's Exhibit 5.

Form 2. This form of apparatus is identical with the apparatus of Form 1 except that the inner ends of the two planks or platforms which remain

separated as before are fixedly inter-connected by a rigid strap or bar. The motor and eccentric mechanism are located at one extreme end of the rigidly connected platforms instead of between them and a single connecting strap communicates reciprocatory motion from the eccentric to the adjacent platform end, illustrated in defendants' Exhibit "A".

Form 3. This form of apparatus is identical to the apparatus of Form 1 except that in place of a pair of planks a single continuous plank is employed having the container stations formed thereon. The motor and eccentric mechanism are located at one extreme end of the plank, and a single connecting strap communicates reciprocatory motion from the eccentric to the plank, as illustrated in defendants' Exhibit "C".

Other modifications of no significance are shown in other exhibits.

XVI.

As to Patent No. 2,288,159, Claim 1, on the evidence and as admitted by the plaintiff, none of the defendants' machines embody a sleeve on the bars over the belt nor coupling means attached to a sleeve for holding a shear plate, nor does the shear plate of the defendants' machines have a portion of its ends in such a coupling means, nor any elements which under the facts can be construed as equivalents thereof. In these respects and others the defendants' machines are all different from Claim 1.

XVII.

As to Patent Reissue 22,740, Claim 1, on the evidence and as admitted by the plaintiff, none of the defendants' machines embody a platform with an elongated surface having container stations from the ends thereof to a central open locus, a pitman adjacent the platform, and coupling means connecting the pitman with a portion of the platform at this central open locus, nor any elements which under the facts can be construed as equivalents thereof. In these respects and others the defendants' machines are all different from Claim 1.

XVIII.

Claim 1 of Patent No. 2,288,159, when limited to the specific device described therein, is valid but not infringed by the devices of the defendants.

XIX.

Claim 1 of Patent Reissue 22,740, when limited to the specific device described therein, is valid but not infringed by the devices of the defendants.

CONCLUSIONS OF LAW

1. That this Court has jurisdiction of the subject matter involved herein and of the parties hereto under the Patent Laws and the Judicial Code, more particularly R.S. Sec. 4921, 35 U.S.C. 70, and Sec. 24 of the Judicial Code.

2. That Claim 1 of the patent in suit, No.

2,288,159, is required to be narrowly construed and thus construed is valid.

3. That Claim 1 of the patent in suit, Reissue 22,740, is required to be narrowly construed and thus construed is valid.

4. That none of the accused devices infringes either of said Letters Patent in suit, No. 2,288,159 and Reissue 22,740.

5. That the Complaint should be dismissed for want of equity.

Dated at Los Angeles, California this 28th day of March, 1949.

/s/ LEON R. YANKWICH,
U. S. District Judge.

The foregoing Findings Of Fact And Conclusions Of Law are disapproved as to form:

March 22, 1949.

/s/ ALAN FRANKLIN,
Attorney for Plaintiff.

March, 1949.

HERBERT A. HUEBNER and
RICHARD M. WORREL,

By /s/ HERBERT A. HUEBNER,
Attorneys for Defendants.

[Endorsed]: Filed March 28, 1949.

In the District Court of the United States Southern
District of California, Northern Division.

Civil Action No. 721-ND

EARL A. ERNST,

Plaintiff,

vs.

A. G. CLEMENS and H. G. McBRIDE, and A. G.
CLEMENS and H. G. McBRIDE doing busi-
ness as IDEAL MANUFACTURING COM-
PANY,

Defendants.

FINAL JUDGMENT

This action came on to be heard at this term of Court and was tried and argued by counsel for the respective parties, and thereupon, upon consideration thereof,

It Is Ordered, Adjudged And Decreed:

I.

That the Complaint herein be and it is hereby dismissed upon the merits.

II.

That both parties sustain their own costs, and no costs are to be taxed.

Dated at Los Angeles, California this 28th day of March, 1949.

/s/ LEON R. YANKWICH,
U. S. District Judge.

The foregoing Final Judgment is disapproved as to form:

March 22, 1949.

/s/ ALAN FRANKLIN,
Attorney for Plaintiff.

March, 1949.

HERBERT A. HUEBNER and
RICHARD M. WORREL,

By /s/ HERBERT A. HUEBNER,
Attorneys for Defendants.

Judgment entered March 28, 1949.

[Endorsed]: Filed March 28, 1949.

[Title of District Court and Cause.]

NOTICE OF APPEAL

Notice is hereby given that Earl A. Ernst, plaintiff above named, hereby appeals to the United States Court of Appeals for the Ninth Circuit from the final judgment entered in this action on March 28, 1949.

/s/ ALAN FRANKLIN,
Attorney for Appellant.

[Endorsed]: Filed April 26, 1949.

[Title of District Court and Cause.]

ORDER EXTENDING TIME TO FILE
RECORD AND DOCKET APPEAL

Good Cause Appearing Therefore, It Is Hereby Ordered that appellant may have to and including July 6, 1949, to file the record and docket the appeal in the above entitled cause in the United States Court of Appeals for the Ninth Circuit.

Dated: Los Angeles, California, June 2, 1949.

/s/ LEON R. YANKWICH,
U. S. District Judge.

[Endorsed]: Filed June 2, 1949.

[Title of District Court and Cause.]

ORDER EXTENDING TIME TO FILE
RECORD AND DOCKET APPEAL

Good Cause Appearing Therefor, It Is Hereby Ordered that appellant may have to and including July 23, 1949, to file the record and docket the appeal in the above-entitled cause in the United States Court of Appeals for the Ninth Circuit.

Dated: Los Angeles, California, July 1, 1949.

/s/ LEON R. YANKWICH,
U. S. District Judge.

[Endorsed]: Filed July 1, 1949.

[Title of District Court and Cause.]

UNDERTAKING FOR COSTS ON APPEAL

Know All Men By These Presents, that Fidelity and Deposit Company of Maryland, a corporation, organized and existing under the laws of the State of Maryland, and duly licensed to transact business in the State of California, is held and firmly bound unto A. G. Clemens and H. G. McBride and A. G. Clemens and H. G. McBride doing business as Ideal Manufacturing Company, Defendant in the above case, in the penal sum of Two Hundred Fifty and No/100 (\$250.00) Dollars, to be paid to said Defendants, their successors, assigns or legal representatives, for which payment well and truly to be made, the Fidelity and Deposit Company of Maryland binds itself, its successors and assigns firmly by these presents.

The Condition of the Above Obligation Is Such, That Whereas, Earl A. Ernst, is about to take an appeal to the United States Circuit Court of Appeals for the Ninth Circuit from that certain judgment herefore entered in this action on March 28, 1949, in favor of the Defendants by the United States District Court for the Southern District of California, Northern Division, in the above entitled case.

Now, Therefore, if the above named appellant shall prosecute said appeal to effect and answer all costs which may be adjudged against them if the appeal is dismissed, or the judgment affirmed, or such costs as the Appellate Court may award if the

judgment is modified, then this obligation shall be void; otherwise to remain in full force and effect.

It Is Hereby Agreed By the Surety that in case of default or contumacy on the part of the Principal or Surety, the Court may, upon notice to them of not less than ten days, proceed summarily and render judgment against them, or either of them, in accordance with their obligation and award execution thereon.

Signed, sealed and dated this 28th day of June, 1949.

FIDELITY AND DEPOSIT
COMPANY OF MARYLAND,

[Seal] By /s/ V. L. N. PARKER,
Attorney in Fact.

Attest

/s/ S. M. SMITH,
Agent.

Examined and recommended for approval as provided in Rule 8.

/s/ ALAN FRANKLIN,
Attorney.

State of California,
County of Los Angeles.—ss:

On this 28th day of June, 1949, before me, Theresa Fitzgibbons, a Notary Public, in and for the said County of Los Angeles, State of California, residing therein, duly commissioned and sworn, personally appeared V. L. N. Parker known to me

to be the Attorney-in-Fact S. M. Smith, known to me to be the Agent of the Fidelity and Deposit Company of Maryland, the Corporation that executed the within instrument, and acknowledged to me that they subscribed the name of the Fidelity and Deposit Company of Maryland thereto and their own names as Attorney-in-Fact and Agent, respectively.

[Seal] /s/ THERESA FITZGIBBONS,
Notary Public in and for the County of Los Angeles, State of California.

My Commission Expires May 3, 1950.

I hereby approve the foregoing bond.

Dated the 19th day of July, 1949.

/s/ PAUL J. McCORMICK.

[Endorsed]: Filed July 19, 1949.

[Title of District Court and Cause.]

PLAINTIFF'S DESIGNATION OF CONTENTS
OF RECORD ON APPEAL

To the Clerk of the United States District Court
for the Southern District of California, Central
Division:

Please include in the transcript of the record in the above-entitled cause, to be filed in the office of the Clerk of the United States Court of Appeals for the Ninth Circuit pursuant to the appeal to said Court, the following:

1. Complaint.
2. First Amended Answer to Complaint.
3. Decision of U.S. District Judge, dated the 12th day of March, 1949.
4. Findings of Fact and Conclusions of Law, dated the 28th day of March, 1949.
5. Final Judgment, entered the 28th day of March, 1949.
6. Notice of Appeal.
7. Cost Bond on Appeal.
8. Stipulation Concerning Use of Copies of Documentary Evidence.
9. Order Extending Time to File Record and Docket Appeal, dated June 2, 1949.
10. Order Extending Time to File Record and Docket Appeal, dated July 1, 1949.
11. This, Plaintiff's Designation of Contents of Record on Appeal.
12. Stipulation Extending Time to File Plaintiff's Designation of Contents of Record on Appeal.
13. Reporter's Transcript of Proceedings (2 Volumes).
14. Clerk's Certificate.
15. Plaintiff's Trial Exhibits.
1. Printed Copy of Letters Patent in suit of Frederick J. Ernst, No. 2,288,159, June 30, 1942, Sacking Device.

2. Printed Copy of Reissue Letters Patent in suit of Earl A. Ernst, No. Re. 22,740, April 2, 1946, Sack Jigger.

2-A. Printed Copy of Letters Patent in suit of Earl A. Ernst, No. 2,347,474, April 25, 1944, Sack Jigger.

3. Letters of Administration of Frederick J. Ernst.

4. Assignment of Letters Patent No. 2,288,159 to Earl A. Ernst.

5. Plaintiff's Interrogatories.

6. Defendants' Answers to Plaintiff's Interrogatories.

7. Photograph of Sacking Machine.

8. Photograph, Ernst Automatic Jigger.

9. Photograph, Ernst Automatic Jigger.

10. Photograph, Ernst Automatic Jigger.

11-A. Photograph, Defendants' Potato-Sacking Machine.

11-B. Photograph, Defendants' Potato-Sacking Machine.

11-C. Photograph, Defendants' Potato-Sacking Machine.

12-A. Photograph, Defendants' Potato-Sacking Machine.

12-B. Photograph, Defendants' Potato-Sacking Machine.

13. For Identification, Blue Print, Defendants' Machine.
14. Printed Copy of Naeher Patent No. 1,616,016.
15. Drawing of Ernst Jiggerboard and Suspension Links.
16. Deposition of Harry Gearing.
17. Plaintiff's Interrogatory Exhibits 1, 2 and 3-3.

DEPOSITION EXHIBITS

(Deposition of Harry Gearing)

3. Printed Copy of Stehlin Patent No. 1,191,243.
4. Printed Copy of Fuerste Patent No. 420,149.
5. Printed Copy of Buschmann Patent No. 435,681.
6. Printed Copy of Bradbury Patent No. 826,988.
7. Printed Copy of Broussard Patent No. 1,014,444.
8. Printed Copy of Naeher Patent No. 1,719,124.
9. Photostatic Copy of Belcher British Patent No. 397,679.
10. Photostatic Copy of German Patent of Felix von den Wyngaert, No. 69,746.
11. Photostatic Copy of German Patent of Peter Steimel, No. 512,780.

12. Printed Copy of Blank Patent No. 805,625.
13. Printed Copy of True Patent No. 1,369,502.
14. Printed Copy of Macbeth et al Patent No. 1,465,609.
15. Printed Copy of Paisley Patent No. 1,818,427.
16. Photograph of one of Defendants' Machines, Deposition of Harry Gearing (Interrogatory Exhibit 3.).

DEFENDANT'S EXHIBITS

- A. Photograph, Defendants' Machine.
- B. Photograph, Defendants' Machine.
- C. Photograph, Defendants' Machine.
- D. Photograph, Defendants' Machine.
- E. Photograph, Defendants' Machine.
- F. Folder.
- G. File Wrapper, Patent 2,288,159. [43]
- H. File Wrapper and Contents, Patent 2,347,474.
- I. File Wrapper and Contents, Patent Re. 22,740.

Dated: Los Angeles, California, this 18th day of July, 1949.

/s/ ALAN FRANKLIN,
Attorney for Plaintiff.

[Endorsed]: Filed July 19, 1949.

[Title of District Court and Cause.]

DEFENDANTS - APPELLEES' COUNTER-
DESIGNATION OF CONTENTS OF REC-
ORD ON APPEAL

The Defendants-Appellees under Rule 75(a) designate the following additional portions of the record, proceedings and evidence to be included in the record on appeal in addition to those items already designated by the Plaintiff-Appellant in his "Plaintiff's Designation of Contents of Record on Appeal" filed July 19, 1949:

1. Stipulation, Affidavit and Order for Extension of Time filed in the Court of Appeals July 22, 1949.

2. This Counter-Designation.

3. Defendants' Exhibit F, folder and contents comprising prior art patents and translations of foreign patents. (Plaintiff's designation specifies Defendants' Exhibit F "Folder" and implies but does not specify the contents here identified.)

4. Defendants' Exhibit G, file wrapper and contents of Patent No. 2,288,159. (Plaintiff's designation specifies Defendants' Exhibit G "File Wrapper" and implies but does not specify the contents which are essential.)

Dated at Los Angeles, California, July 26, 1949.

HERBERT A. HUEBNER and

RICHARD M. WORREL.

By /s/ HERBERT A. HUEBNER,

Attorneys for Defendants-
Appellees.

[Endorsed]: Filed July 30, 1949.

In the District Court of the United States for the
Southern District of California, Northern Di-
vision

No. 721-ND CIVIL

EARL A. ERNST,

Plaintiff,

vs.

A. G. CLEMENS and H. G. McBRIDE, and A. G.
CLEMENS and H. G. McBRIDE Doing Busi-
ness as IDEAL MANUFACTURING COM-
PANY,

Defendants.

Honorable Leon R. Yankwich, Judge Presiding.

REPORTER'S TRANSCRIPT OF
PROCEEDINGS

Appearances:

For the Plaintiff:

ALAN FRANKLIN, ESQ.,
356 South Spring Street,
Los Angeles 13, California.

For the Defendants:

HUEBNER, BEEHLER, WORREL,
HERZIG & CALDWELL,

By HERBERT A. HUEBNER,
ESQ., and

RICHARD M. WORREL, ESQ.,
Brix Building, 1221 Fulton St.
Fresno, California. [*1]

March 8, 1949, 10:00 A.M.

Mr. Franklin: If Your Honor please, Mr. Earl Moore appears of counsel in the case, and he wishes to withdraw as counsel. He is going to testify as an expert.

The Court: All right. Make your opening statement.

Opening Statement on Behalf of the Plaintiff
By Mr. Franklin:

This is a suit for infringement of two letters patent, one to Mr. F. Ernst, No. 2,288,159, issued on June 30, 1942, for Sacking Device; and the other to E. A. Ernst, Reissue No. 22,740, April 2, 1946, for Sack Jigger.

The machines covered by these patents are used for the purpose of sacking potatoes and like farm products; that is, putting them in sacks of 10 pounds, 25 pounds, and 100 pounds.

The patent to F. J. Ernst is directed particularly to a shearer——

The Court: Have you a copy of the patent to

* Page numbering appearing at top of page of original Reporter's Transcript.

make available to me?

Mr. Huebner: Yes, Your Honor. I was going to suggest, that we have not only on file as an exhibit, but a separate set for Your Honor's personal use, of the prior art pleaded in the answer.

The Court: Very well.

Mr. Franklin: Suppose I offer the two patents in [2 & 3] evidence. The patent to F. J. Ernst, No. 2,288,159, I offer in evidence as Plaintiff's Exhibit No. 1.

The Court: It may be received.

The Clerk: Plaintiff's Exhibit 1 in evidence.

(The document referred to was marked Plaintiff's Exhibit No. 1 and was received in evidence.)

Mr. Franklin: By the way, these patents were introduced in the deposition taken at Los Angeles, and they will retain the same numbers.

The patent to E. A. Ernst, Reissue No. 22,740, I will offer in evidence as Plaintiff's Exhibit No. 2.

The Clerk: Is this admitted, Your Honor?

The Court: Yes.

The Clerk: Plaintiff's Exhibit 2 in evidence.

(The document referred to was marked Plaintiff's Exhibit No. 2 and was received in evidence.)

The Court: Let me ask this question: The first patent, No. 2,288,159, has two claims, and the next patent, the reissue patent, has three. Do you rely on all claims in each?

Mr. Franklin: No, we are suing on claim 1 of each one.

The Court: I did not so gather from your complaint.

Mr. Franklin: No, it is not stated in the complaint.

The Court: That is why I asked the question.

Mr. Franklin: I am glad you ask that. In order that there will be no question about it, I think I had better offer [4] in evidence the original patent to E. A. Ernst, No. 2,347,474, April 25, 1944, a Sack Jigger. That was the original patent under which the reissue patent, No. 22,740, was reissued, and I offer this in evidence as Plaintiff's Exhibit 1-A, to tie in with Exhibit 1.

The Court: It may be received.

The Clerk: It will be 2-A, Mr. Franklin. Your reissue patent is Exhibit 2.

Mr. Franklin: Then it will be Exhibit 2-A.

The Clerk: Plaintiff's Exhibit 2-A.

(The document referred to was marked Plaintiff's Exhibit No. 2-A and was received in evidence.)

Mr. Franklin: The reissue patent to E. A. Ernst is 22,740.

The first patent to F. J. Ernst, No. 2,288,159, claim 1 on which the suit is brought, relates particularly to the baffle plate, or what is known as the shearer, and its function is to divert the potatoes, which are placed on the conveyers, into the bags,

which are filled with potatoes. These shearer plates are placed at the bag, and divert the potatoes into the bag, and when the bag is full, it moves to the next, and so on, until each bag is full.

The shearer is mounted so it will remain in position of its own inertia when the potatoes are stacked against it, yet it may be removed by the operator from one bag to the other. [5]

The next patent, to E. A. Ernst, is Reissue No. 22,740, and is a sack jigger. That machine has a jigger board, on which the sacks rest, and as the potatoes are directed from the conveyer belt into the bag, and rest on the jigger board, this jigger board is jiggled; it is reciprocated. It has a reciprocating movement lengthwise of the board, and, as this board is reciprocated or jiggled, it sort of agitates the potatoes in the bag sufficiently to cause them to settle, and to pack in the bag. This jigger board has cleats which extend transversely thereof and which form stations or positions on which the bags are located, so that they will be properly filled by the shearer plate which directs the potatoes from the conveyer into the tops of the bags.

Before the advent of this invention, the sacking of potatoes, putting them in sacks, was largely done by hand; and the plaintiff, E. A. Ernst, who had been a potato farmer up north, in Washington and Oregon, when he came down to California, he located in Bakersfield and the potato district around it. Bakersfield, I am informed, is the third largest

potato-farming area in the world. There he saw great need for the sacking of potatoes.

The method then used was entirely too slow. So he looked over the field, and there was no automatic machine for the sacking of potatoes. So he proceeded to produce this machine. His brother, F. J. Ernst, now deceased, was working [6] with him, and is the one who secured the patent, Exhibit No. 1. The other secured the other patent.

These machines were successful. They were the first successful potato-packing machines in the industry, and for that reason we contend this is a pioneer invention, and entitled to liberal treatment by the court.

As soon as these machines were built and operated, it created interest among the large potato growers, and the plaintiff, within a very short time, had sold 40 of these machines, and from that time on they have been continuously sold to the industry throughout the United States, and some have been sold in Canada, and these sales are still continuing, and it is the general practice, in the potato-farming industry at the present time, so there is a point there which will weigh in determining the validity of the patent.

These patents have been attacked by a number of patents of the prior art. Most of them were cited by the Patent Office. Others were cited, which were not cited by the Patent Office, and we will contend that they were not as close as those cited by the Patent Office, and for that reason they were not so pertinent as those that were cited.

In all of these patents that were cited, there was not one patent that was suitable for sacking potatoes. There is not a word in any one of the patents of the prior art that says that these machines can be used for sacking potatoes, and [7] in a sense these inventions were revolutionary in the potato-sacking art.

The Court: Does counsel want to make a statement.

Mr. Huebner: I don't think it is necessary. We say that the patents, far from being pioneer, are mere improvement patents in the art, and in that capacity they are not invalid and are not infringed. Those points will be developed as we proceed.

The Court: Put on your proof.

Mr. Franklin: Concerning the plaintiff's title to the patent to F. J. Ernst—I think that is Exhibit No. 1—No. 2,288,159, I have a certified copy of the letters of administration of the estate of Frederick J. Ernst, which appoints the plaintiff, Earl Ernst, as the administrator. F. J. Ernst, the owner of the patent, Exhibit 1, was a bachelor, and his mother and father took title, and I have the original assignment of the mother and father of their entire interest in the patent to the plaintiff, E. A. Ernst. I show this to counsel.

I will offer these papers in evidence, as Plaintiff's Exhibits 3 and 4. 3 is the Letters of Administration.

The Clerk: Are these admitted, Your Honor?

The Court: Yes.

The Clerk: Plaintiff's Exhibits 3 and 4 in evidence.

(The documents referred to were marked Plaintiff's Exhibits Nos. 3 and 4, respectively, and were received in evidence.) [8]

Mr. Huebner: Mr. Franklin, what is the date of your assignment?

Mr. Franklin: July 20, 1943.

I will offer in evidence plaintiff's interrogatories and the defendants' answers to plaintiff's interrogatories, as Plaintiff's Exhibits 5 and 6.

The Court: All right. I will order the duplicates of those, which were filed with the originals, to be taken from the file and used as the loose exhibits, and we may refer to them more readily. They will be so received.

The Clerk: Plaintiff's Exhibits 5 and 6.

(The documents referred to were marked Plaintiff's Exhibits Nos. 5 and 6, respectively, and were received in evidence.)

EARL A. ERNST

the plaintiff, called as a witness on his own behalf, first being duly sworn, testified as follows:

The Clerk: Will you state your name, please?

The Witness: Earl A. Ernst.

Direct Examination

By Mr. Franklin:

Q. Mr. Ernst, are you the plaintiff in this action? A. I am.

Q. What is your occupation?

(Testimony of Earl A. Ernst.)

A. I am a manufacturer of machinery.

Q. Machinery for what? [9]

A. For potatoes.

Q. For sacking potatoes?

A. Yes, for sacking potatoes.

Q. Did you manufacture the potato sack jigger, as shown in Reissue Patent No. 22,740?

A. I did.

Q. That is Exhibit No. 2. And the sacking device of F. J. Ernst, No. 2,288,159?

A. Yes, I did.

Q. Have you ever been in the business of farming potatoes?

A. I have, ever since I was just a boy of 13, I have been in potatoes.

Q. Where was that?

A. Yakima, Washington.

The Court: Yakima, that is in central Washington.

Q. (By Mr. Franklin): Were those large potato farms?

A. No; at that time, they were small.

Q. How were potatoes sacked up there?

A. In 1913, it was just a little table. In 1920 they made a conveyer belt table.

Q. In 1913, that was all by hand? A. Yes.

Q. In 1920?

A. It was by some powered machinery or crank; mostly [10] hand crank.

Q. I hand you a photograph, and ask you if you can identify it.

(Testimony of Earl A. Ernst.)

A. Yes, they were sacked this way. They filled by hand. The sack was filled, and they put an empty bag on, and reversed it. This is used today, but it is a small capacity machine. At the time they built the automatic jiggers—it is still in use, but it was a very slow device.

Q. Was that the only sacking machine at that time? A. Yes.

Q. You say the bags were filled by hand?

A. Yes.

Q. When one bag was filled——

A. You had to slide it over, and vice versa.

Q. When did you come to Bakersfield?

A. I came to Bakersfield in 1939.

Q. Was that device in use there at that time?

A. It was.

Q. Was it meeting the demand of potato sacking?

A. It was not. It was too slow. The farmers wanted to get a higher capacity of potatoes, 15 cars a day, and with the equipment they used at that time they were only getting around 10.

Mr. Franklin: I will offer this in evidence as Plaintiff's Exhibit No. 7. [11]

The Court: It may be received.

The Clerk: Plaintiff's Exhibit 7 in evidence.

(The photograph referred to was marked Plaintiff's Exhibit No. 7 and was received in evidence.)

(Testimony of Earl A. Ernst.)

Q. (By Mr. Franklin): When you saw the situation showing the need for increasing the capacity for bagging potatoes, what did you do then?

A. I started making a capacity machine. I started in, trying to develop this machinery, that would do this particular job. I started in at work, and was experimenting by developing machinery, until I got what we felt was suitable.

Q. Then a patent was taken out on the machine?

A. Yes.

Q. I will show you this photograph, and ask you if you can identify this, please.

A. Yes, that was the machinery we had built—what we called the Ernst Automatic Jigger. This was the mechanism of it.

Q. Have you got a copy of this?

A. I have, over there, yes.

Mr. Huebner: Mr. Franklin, are you providing us with prints of these photographs?

Mr. Franklin: I think we have them.

The Witness: Yes, we have.

Mr. Franklin: I haven't the time to go into that now. [12]

I offer these photographs in evidence, as Plaintiff's Exhibits 8, 9, and 10.

The Court: They may be received.

The Clerk: Plaintiff's Exhibits 8, 9, and 10 in evidence.

(The photographs referred to were marked Plaintiff's Exhibits 8, 9, and 10, respectively, and were received in evidence.)

(Testimony of Earl A. Ernst.)

Q. (By Mr. Franklin): What was the capacity of the machine shown in the last exhibits, 8, 9, and 10?

A. The capacity of this machine was around about 500 to 600 sacks per hour, but you would have to have a very good man to do that.

Q. That was the maximum?

A. That was the maximum, yes.

Q. Were these machines put in operation immediately after you produced them? A. Yes.

Q. Was there any interest shown in the potato industry, by people engaged in that industry, when you produced these machines?

A. Yes, there was quite a bit of comment. They claimed it was one of the best items they had on the market for potatoes.

Q. Did you receive any orders for those machines?

A. We received them along in the neighborhood of 1940, which we sold and delivered. [13]

Q. The first year you produced your machine?

A. Correct.

Q. Have you been selling those machines——

A. Yes.

Q. ——continuously? A. Yes.

Q. Where?

A. All over the whole country, from Idaho, Canada, Washington, Arizona, Utah, and Colorado.

Q. The shearer plate, which is indicated as 52 in

(Testimony of Earl A. Ernst.)

the F. J. Ernst patent, Exhibit No. 1, will you state how that operates?

A. Well, we have a couple of rods going lengthwise of the belt, and a shearer plate mounted on the frame, and it works on a sleeve, and slides easily, with the pressure going against it, and holding the frame in place, and when you want to go to the next sack, you move it on the track.

Q. Have you that machine in court?

A. Yes.

Q. Will you come down and demonstrate it?

A. First, we hang the sacks under here (illustrating), with the sacks, the empties, hanging here, and this goes back and forth, and when the potatoes come, it hits them.

The Court: What does it operate with, electricity?

The Witness: No, by hand. [14]

The Court: By hand.

The Witness: They take the sack off there, and the sack drops off this way (illustrating).

The Court: It is not a mechanical process, it is manual?

The Witness: Yes, it is manual.

The Court: The only one I have seen is an egg sorter, that almost had intelligence, because it picked out the sizes, and was operated electrically, by the way.

Q. (By Mr. Franklin): When it is moved to a position, to that bag, does it stay in that position?

(Testimony of Earl A. Ernst.)

A. Yes.

Q. You can move it by hand freely?

A. Very freely. We grease some, and some we don't grease.

The Court: Does that sort the potatoes as to size?

The Witness: Just fills the bag.

The Court: We will not put that in for identification.

Q. (By Mr. Franklin): Now, in your patent, Reissue 22,749, Exhibit 2, what do the sacks rest upon?

A. Upon a jigger board—what we call a jigger board. It is two boards.

Q. It is a long board?

A. Yes, a long board.

Q. Does it have any way of positioning the bags on the board? [15]

A. Yes, cleats on the board, on the bottom, and the board moves back and forth. Otherwise, the sack would slide off, if we did not have the cleats on the bottom.

Q. Are those cleats indicated by the numeral 28?

A. Yes.

Q. And the purpose of the jigger board is what?

A. It is to settle the potatoes or commodity down, so the sack will become full.

Q. How is the jigger board jiggled?

A. It goes back and forth.

Q. Is it a straight horizontal motion?

(Testimony of Earl A. Ernst.)

A. Yes.

Q. Reciprocating?

A. Reciprocating motion, back and forth.

Q. Is that reciprocating motion of any importance? A. Yes.

Q. Suppose it was moved up and down vertically?

A. It wouldn't work nearly as good, with that type of sack. It would throw the sacks off, for one thing.

Q. Would a vertical motion be apt to throw the potatoes up, and bruise them?

A. It would have a tendency to do so.

Q. Have you tried other machines?

A. I have tried other machines, but none that work. I had a machine like a rocker, but it would not get the sacks [16] full.

Q. Does the reciprocating machine cause the potatoes to slip?

A. Yes; it would have to run fast enough, and hard enough, so it will move the potatoes.

Q. Do they slip down?

A. Yes, the potatoes have to move in the cavity.

Q. How do you produce the reciprocating motion of the jigger board?

A. It is a mechanical device attached to the board—the jigger board.

Q. Indicate the location of that on that patent. Have you a crank?

A. Yes. It is off the center some.

(Testimony of Earl A. Ernst.)

Q. That central portion is indicated right at the top?

A. Yes. Here is the crank. Here is where it attaches to the bottom of the jigger board.

Q. The patent says:

“The sacking device in the particular form illustrated comprises a central portion 1 and elongated side portions or extensions 2 and 3.”

Point out the extensions 2 and 3.

A. Yes. 2 is right here.

Q. Where is 3?

A. It is on the opposite side, right here [17]

Q. And reading from page 1, column 1, of the reissue patent, No. 22,740, beginning at line 48, and continuing:

“These side portions may be identical in construction and are identical in this form of invention, but need not necessarily be identical. One of the side portions may be omitted entirely.”

That is, side portions 2 and 3?

A. Yes, they may be omitted entirely.

Q. If they were omitted, they would omit then part of the jigger board?

A. Yes, it would be what we call a one-man jigger.

Q. Would the crank be in the center of the machine? A. No.

Q. Where would it be?

A. The crank, the upper end of the machine.

Q. If we took the remaining part away, and left section 3, would section 3 operate the same?

(Testimony of Earl A. Ernst.)

A. It would.

Q. Have you seen the defendants' machine?

A. I have.

Q. Have you seen a photograph of it?

A. Yes.

Q. Take one of these photographs that shows where the crank is connected to the jigger board—

Mr. Huebner: Just a moment. These photographs have not [18] been even marked for identification.

Q. (By Mr. Franklin): Have you seen the defendants' potato-sacking machine?

A. I have.

Q. Where did you see them?

A. In Kern County.

Q. What city? A. Around Shafter.

Q. Do you have any photographs of that machine? A. I do.

Q. Who made the photographs?

A. The photographs were taken in Bakersfield.

Q. What was the name?

A. The name was Cal Williams.

Q. The address?

A. Seventeenth Street, just about two blocks off of Chester. It is located at 1310. I may be off on that number, but it is in there close.

Q. Do you have prints of the photographs that were made? A. Yes.

Q. Do you have them here? A. I have.

Q. Do they correctly represent the machine that you saw there? A. Yes. [19]

(Testimony of Earl A. Ernst.)

Mr. Franklin: Is that sufficient identification?

The Court: Ask counsel.

Mr. Huebner: We haven't seen them. We might stipulate.

The Court: Go ahead, and hand them to counsel.

(The court here took a short recess.)

Mr. Franklin: It is stipulated that the five photographs may be offered in evidence, and three of them are attached together.

The Court: Give them one number.

Mr. Franklin: All right. Mark them Exhibit 11.

The Court: 11-A, -B, and -C.

The Clerk: Exhibits 11-A, -B, and -C. Are those admitted?

Mr. Huebner: We stipulate, your Honor, that these photographs illustrate one of the machines manufactured by the defendants.

The Court: All right.

The Clerk: In evidence.

(The photographs referred to were marked Plaintiff's Exhibits Nos. 11-A, 11-B, and 11-C, respectively, and were received in evidence.)

Mr. Franklin: I have two other photographs which I will offer in evidence. I think these are of another machine.

Mr. Huebner: We stipulate, your Honor, if Mr. Franklin wishes, that the two photographs that he has in his hand illustrate another machine manu-

(Testimony of Earl A. Ernst.)

factured by defendants, one of [20] the photographs which contains in the center of the photograph a vertical panel guard, being one portion of the machine, and the other photograph being another, entirely separate section of the same machine. Is that what you want?

Mr. Franklin: Yes.

Mr. Huebner: Have the photographs marked so that we will know which is which.

The Court: They will be Exhibits 12-A and -B.

Mr. Huebner: Which is going to be 12-A, the one I referred to first?

Mr. Franklin: This one.

Mr. Huebner: For the record, the one with the guard in the middle.

Mr. Franklin: Yes.

The Clerk: 12-A and 12-B.

(The photographs referred to were marked Plaintiff's Exhibits Nos. 12-A and 12-B, respectively, and received in evidence.)

Q. (By Mr. Franklin): I will hand you Exhibits 11-A, 11-B, and 11-C. Where is the crank connected to the jigger board on Exhibit 11-A?

A. That is in the center, on 11-A.

Q. What does Exhibit 11-B show?

A. The crank is at the center of the machine, or off center—I wouldn't know.

Q. That is 11-A? [21] A. Yes.

Q. 11-B. That doesn't show the crank, does it?

(Testimony of Earl A. Ernst.)

A. No, it does not.

Q. What does it show?

A. It shows the shear board, and the sack——

Q. The shearer? A. Yes.

Q. Does it show the conveyor belt?

A. Yes.

Q. 11-C—state what it shows.

A. It shows a connection from the pitman, at the center of the machine, attached to the jigger board at one end of the machine.

Q. Where is the jigger board shown?

A. It is shown at the end of the machine.

Q. On the end, or to the right?

A. The lower part of the bottom, on the left-hand, toward the picture.

Q. Point it out.

A. This board is hung on these straps, that go alongside of the machine.

Q. On the photograph 12-B, state where the crank is connected to the jigger board.

A. It is on the left-hand of the machine, and the jigger board is attached near to the end of the machine. [22]

Q. Does that show a crank there, or a pitman?

A. Yes.

Q. Where is the crank located?

A. It's to the front of the machine.

Q. Is it mounted on anything?

A. It is mounted on the framework.

Q. Is it a vertical or a horizontal member?

(Testimony of Earl A. Ernst.)

A. Horizontal, part ways. The crank is here, and the shaft there (indicating).

Q. What is this part right here?

A. It is an offset piece of iron, to move the jigger board back and forth.

Mr. Huebner: It is a crank, isn't it?

The Witness: Yes, it is a crank, attached to the jigger board.

Q. (By Mr. Franklin): Where is the pitman you speak of?

A. It is on the left of the machine.

Q. Is it connected? Is it connected by the crank?

A. Yes.

Q. Whereabouts? A. To the jigger board.

Q. What part of the jigger board, the end or middle?

A. I'd say it was practically about the middle of the jigger board.

Q. I show you Exhibit 12-A, and I will ask you if the [23] crank is shown there. A. It is.

Q. Is it shown connected to the jigger board?

A. Yes.

Q. What part of the jigger board?

A. At the end of the jigger board.

Q. State how that crank is operated.

A. The crank is powered by an electric motor—no, this crank is not. It is powered from the belt, at the end of the sack, and the belt driven down, attached to the crank, which is tied to the frame and connected to the jigger board.

(Testimony of Earl A. Ernst.)

Q. How do you get the power?

A. Off the traveling belt.

Q. How is it connected to the traveling belt conveyor?

A. What part?

Q. Yes.

A. The part that delivers the potatoes to the sack.

Q. Is that an endless belt conveyor?

A. Yes.

Q. Does it have rollers?

A. Yes.

Q. How do you take power from that belt?

A. By means of gears and sprocket.

Q. There is a sprocket connected—what is that, a conveyor? [24]

A. A conveyor. It is at the end of the drum, and is taken down the crankshaft and there connected to the offset shaft connected to the jigger board.

Q. The offset shaft—that shaft?

A. Yes.

Q. There is a sprocket to the drum?

A. Yes.

Q. From the drum to the conveyor?

A. Yes.

Q. What is the element whereby the power is driven from the sprocket, or conveyor to the crank sprocket?

A. It is to move the jigger board back and forth.

Q. Yes. You have got a conveyor, and from the conveyor you are going to operate a crank, that takes the mechanism down to the crank.

A. You have got a drum and a sprocket.

(Testimony of Earl A. Ernst.)

Q. Where is that?

A. It is going down by speed chain on the shaft.

Q. A chain goes over the sprocket?

A. A chain goes over the sprocket.

Q. We speak about your jigger board having a reciprocating motion, and you said you had experimented with other machines, and you did not find these machines satisfactory. What about vertical motion? Did you observe how that operated? [25]

A. Vertical motion is up and down. It has a tendency to bruise the potato, which is not very good for the market and to ship.

Q. Is the skin of a potato very thin?

A. Yes, it is very delicate.

Q. Is it easy to bruise? A. Yes.

Q. Do you find bruising of the potatoes with the reciprocating machine? A. No.

Q. What is the reason for that?

A. Instead of moving the potatoes up and down, it just slides them over, more or less, moving them back and forth.

Q. In the patent we have the crankshaft connected intermediate the ends of the jigger board. You find that is the best location for connecting the crank? A. No, I do not.

Q. If you connect the crank to the end of the jigger board, does that work as well as if you connect it intermediate its ends?

A. So far as the platform, it works just about the same, but you do not get the adjustment.

(Testimony of Earl A. Ernst.)

Q. That is, you found that by connecting intermediate to the ends of the jigger board you could get a greater vertical adjustment? [26]

A. No, less.

Q. If the crank is connected at the end of the jigger board—I think I will have to go over that again and ask you to state the advantages or disadvantages of connecting at the center of the jigger board intermediate of the ends, or at one end. What is the difference so far as the adjustment of the jigger board, or what is the advantage or disadvantage?

A. We find that we get a substantial range. You can raise the board any height you want to.

Q. In other words, a wider range on the vertical adjustment?

A. Yes, wider range on the vertical adjustment.

Q. The cleats, No. 28, on the jigger board, do you find that they are necessary? A. Yes.

Q. Why are they necessary?

A. They are located right underneath the sack handles, crosswise of the jigger board.

Q. They prevent the sack from sliding down the jigger board?

A. Yes, by holding the sack permanently on the jigger board cleats.

Mr. Franklin: That is all.

(Testimony of Earl A. Ernst.)

Cross-Examination

By Mr. Huebner:

Q. Mr. Ernst, you are the plaintiff in the case?

A. Yes.

Q. Do you contend that the Ideal machine, illustrated in the photographs, Exhibits 11-A, 11-B, and 11-C, infringe either one or both of the patents in suit? A. I do.

Q. Then we will clarify it. Do you contend that the machine here in these three photographs infringes claim 1 of the Ernst Patent No. 2,288,159?

A. May I see that patent?

Yes, I will say——

The Court: He is asking you, do you contend that it infringes?

A. Yes, I would say it is the shearing board.

Q. (By Mr. Huebner): That is not the question.

The Court: Just a moment. Here is the patent he is talking about. Here is claim 1. With that in front of you, repeat the question.

(Question read by the reporter.)

The Witness: Yes, I do.

Q. (By Mr. Huebner): Do you understand the construction of the Ideal machine shown in these three photographs, Exhibits 11-A, 11-B, and 11-C?

A. Yes, pretty well.

Q. You have seen the machine yourself?

A. Yes, I have seen the machine in operation.

(Testimony of Earl A. Ernst.)

Q. Where, in the Ideal machine, shown in Exhibits 11-A, 11-B, and 11-C, do you find a pair of spaced bars longitudinally of the belt and substantially the length thereof?

A. On 11-B he has a bar, but he uses the back end as a track to run his wheel on it. Instead of a bar, he uses flat iron.

Q. Do you find two bars in the defendants' machine? A. Yes.

Q. You do not find two bars? A. No.

Q. Where, in Exhibit 11-B, do you find any loose bars or any bar? A. Well——

Q. It is not there, is it?

A. No, but there is a loose sleeve.

The Court: Will you give us the answer?

The Witness: This bar acts as a sleeve; it has a bar, as well as a sleeve, and it still has to be moved up and down the track.

The Court: It is not done by a loose sleeve?

The Witness: No.

The Court: What do you think takes its place?

The Witness: The wheels would take its place.

Q. (By Mr. Huebner): By the wheels you mean the trolley wheels, showing two pairs in front, which are connected with a [29] latching mechanism? A. Yes.

Mr. Huebner: Mark those two wheels by "W" in the photograph.

The Court: That is Exhibit 12-A or -B?

Mr. Huebner: It is 11-B.

(Testimony of Earl A. Ernst.)

The Court: Then mark it——

The Witness: “W”.

Mr. Huebner: “W” for wheel.

Q. (By Mr. Huebner): You find, do you not, in the section with these wheels, or that trolley mechanism, a latch? A. Yes.

Q. Do you know what the purpose of the latch is?

A. Its purpose is to hold it steadily, while they are filling up the bag.

Q. Do you mean where the latch engages on the frame, to hold it stationary?

A. Yes, it is latched on the frame. I presume it would roll, and you would have to have some way to latch it.

Q. Or it would creep?

A. Yes. Possibly, it could be designed so it would not need a latch.

Q. So far as it is shown on this photograph, so far as your knowledge goes, it would have to have a latch, to operate?

A. I don't believe it would have to have a latch to [30] operate. You can put it on.

Q. You have seen the machine? A. Yes.

Q. You know these rollers are on there, and roll along easily, under the pressure of the hand?

A. Yes.

Q. If that did not have a latch, it would not roll along?

(Testimony of Earl A. Ernst.)

A. You could take the thing, and make it work both ways, so you would not need a latch.

Q. I am not talking about what you would do. You know it would creep without the latch?

A. Yes, it would creep without the latch.

Q. In the sleeve arrangement, in Patent No. 2,288,159, it will remain in position with the potatoes traveling on the belt, without any latch mechanism?

A. It would.

Q. Looking at Patent 2,288,159, and at the photographs 11-A, 11-B, and 11-C, you find a plate having a portion of its ends in the coupling means? Take your time, so that you will know what we are talking about, and see if you can identify such a part in the defendants' machine.

A. Are you speaking of the shear plate?

The Court: No, he is asking you where you find something like what is described in claim 1: a plate having a portion [31] of its ends in the coupling means, said coupling means forming an acute angle with the sleeve so that the plate is positioned obliquely across the belt for the purposes described.

The Witness: In Patent 2,288,159, the plate would be No. 52.

The Court: Show the equivalent of that. Show something like it, in the defendants' device.

The Witness: The shear plate is like it.

Q. (By Mr. Huebner): You mean that the shear plate in the defendants' machine, shown on

(Testimony of Earl A. Ernst.)

Exhibits 11-A, 11-B, and 11-C, is similar to the shear plate 52 in the Ernst Patent 2,288,159?

A. I do.

Q. Where in the defendants' machine do you find any attached coupling means to hold a plate? Let us assume that the plate is the shear plate, with that understanding, the question is, where do you find in the defendants' machine attached coupling means to hold the plate?

A. This line, that extends over here. These rollers are attached to the plate, and hung on this rod.

Q. That is your best answer?

A. If I have your question correct.

The Court: You are an inventor. As an inventor, he is asking you to point to the equivalent of your claim 1 in suit here, in the accused device—the defendants' machine which [32] is charged to infringe yours. You know enough about patent law. You have talked to your attorney. The thing that is infringed is not the structure, but it is the things in the patent which are claimed as being not within the prior art. You have said that one is not there; No. 2 is not there, unless the wheels take their place. Now, the question is, does the shear plate take the place of the coupling means?

The Witness: Yes, it takes the place of the coupling means, and travels back and forth to fill up the bags.

Q. (By Mr. Huebner): Isn't the coupling

(Testimony of Earl A. Ernst.)

means talked about in claim 1 of the patent a little tiny bracket down in the corner of the shear plate 52?

A. Yes.

Q. Then you do find in the defendants' machine, shown in Exhibits 11-A, -B, and -C, a similar element or part, do you?

The Court: On Figure 1 of that patent, where is the coupling?

Mr. Huebner: It does not show very well in Figure 1, but it does in Figure 3. You see in Figure 3 a cross-section, and the upper corners on plate 52 are recessed or cut out.

The Court: Yes.

Mr. Huebner: You can see it in the dotted lines.

The Court: Is it to the right of 52 or 56?

Mr. Huebner: It would be to the right of 56, if you [33] look at the left-hand drawing.

The Court: The dotted square has two little circles.

Mr. Huebner: Yes; it is attached to the coupling means, which attaches the loose sleeve to the plate.

The Witness: May I ask a question?

The Court: Go ahead.

The Witness: On Figure 2, the left-hand corner, it looks like that was the place where we held our rod stationary, if anything goes wrong with the plate.

The Court: He is talking of the coupling means of the plate.

(Testimony of Earl A. Ernst.)

Mr. Huebner: If you will look at reference numeral 54, which looks like a sleeve, and extending inwardly from the sleeve it looks like a bifurcated crack——

The Court: Go ahead.

Mr. Huebner: Let us refer, Mr. Ernst, to the machine illustrated on the photographs attached to your interrogatories. They were referred to in the interrogatories as Exhibits 1 and 2.

The Court: Interrogatories, or answers to the interrogatories?

Mr. Huebner: We do not have his answers.

The Court: Have you those exhibits you are talking about?

Mr. Huebner: Exhibits 1 and 2. [34]

Q. (By Mr. Huebner): Are you aware that there is some difference in the construction of the shear plate assembly shown in the interrogatory photographs, Exhibits 1 and 2, over the construction shown in Exhibits 11-A, 11-B, and 11-C?

A. Yes, so far as looks, there is a difference.

Q. What is the difference in the construction?

A. In construction, I have a clamp to connect the shear plate so it does not run back and forth. Also I run it on wheels.

Q. So far as you described it, it is largely the same as shown in Exhibits 11-A, -B, and -C?

A. Yes.

Q. Are you aware there are two overhead rods

(Testimony of Earl A. Ernst.)

shown in the machine as shown in the interrogatories?

A. This machine has a plate that can act as a rod—a plate, five or six inches in height.

Q. In the photographs 1 and 2, attached to the interrogatories, there is a rod which shows clearly in the foreground of the picture? A. Yes.

Q. There is a trolley there? A. Yes.

Q. And a latch? A. There is.

Q. There is a similar rod that appears in the foreground. [35] Were you aware of that?

A. Yes. It is hung on there some way.

Q. Don't you know that in the back part of the photograph, which would be the back part of the machine, there is another rod similar to the rod shown in the foreground? I am not trying to trap you. I want to get the facts in.

A. On mine, there are rollers on this plate here. It rolls on the plate.

Q. Do you contend that the make-up of the defendants' machine, in photographs 1 and 2 attached to plaintiff's interrogatories, is an infringement of claim 1 of the Ernst patent 22,740? A. Yes.

Q. In Exhibits 1 and 2, attached to the interrogatories, I want to know, first of all, where do you find a pair of spaced bars?

A. Here is the spaced bar here (indicating).

Q. You are pointing to the spaced bar in the foreground of the picture? A. Yes.

Q. Where is the other spaced bar that makes up the pair? A. Opposite.

(Testimony of Earl A. Ernst.)

Q. You are agreeing with me that there is a rod or bar which makes up the pair?

A. I assume there is. [36]

Q. Where is it? A. Here (indicating).

Q. You are identifying it as a rod, Mr. Ernst. Maybe your counsel will want to help you verify it. There is a second rod similar to the front rod in the machine.

The Court: I think it is sufficient for the witness to point out the elements that are similar to his, but you are going over the evidence of what the machine consists of. You are assuming facts.

Mr. Huebner: I think, your Honor, that is correct.

Q. (By Mr. Huebner): Now refer, Mr. Ernst, to the patent, Reissue 22,740. You are the applicant who obtained this patent? A. Yes.

Q. Was Frederick J. Ernst, who applied for the other patent in suit, a relative of yours?

A. Yes, my brother.

Q. He was your brother? A. Yes.

Q. Did you two men work together in developing the patent in suit?

A. We worked together on the patent.

Q. On which patent did you work together?

A. 2,288,159.

Q. What did you do in developing the device?

A. I worked along with him, and invested half of the money. We worked together, both of us.

Q. Did you contribute effort in the way of me-

(Testimony of Earl A. Ernst.)

chanical aid, or did you merely direct him by suggesting what would be done?

A. At that particular time, my brother was what you might say, what you would call the boss, but I was interested.

The Court: You don't claim any part of the invention?

The Witness: Yes, I do.

Q. (By Mr. Huebner): Referring to Exhibits 11-A, 11-B, and 11-C again, the photographs—first of all I will ask you, do you contend that the machine illustrated in those photographs infringes claim 1 of your Reissue Patent 22,740?

A. On Exhibit 3?

Q. No. Exhibits 11-A, 11-B, and 11-C.

A. Yes.

Q. You do contend that it is an infringement?

A. Yes.

Q. Where in the structure of this machine do you find a pitman adjacent the platform?

A. In this picture I am looking at, Exhibit 3, it is in the center of the machine.

Q. We are talking about Exhibits 11-A, 11-B, and 11-C. A. At the end of the platform.

Q. At the end of the platform? Where does that best [38] show, on which photograph, looking at the exhibit number in front of the photograph?

A. It is 11-C.

The Court: Where do you get the word "pitman"? It is not in the claim that I can see.

(Testimony of Earl A. Ernst.)

Mr. Huebner: In the middle of the claim of 22,740, line 32, which says: "said means including a pitman adjacent the platform."

Q. (By Mr. Huebner): Point out which of these parts you are talking about, in the photograph, is the pitman that you say is similar. Is it the U-bar that runs along the back of the machine, or is it the cross-bar at the end of the machine?

A. It's the bar that runs across the back of the machine. That is what we term our pitman.

Q. That is what you say corresponds to the patent of Ernst—a pitman adjacent the platform?

A. Yes, with mechanism to move it back and forth.

Q. Where do you find coupling means connecting the pitman with that platform?

A. It is attached to the platform.

Q. Is it the cross-bar at the near end of the machine, shown in the photograph? A. Yes.

Q. Where do you find a central open locus on the platform of this Ideal machine? [39]

A. The central open locus—the jigger board, or the pitman in the center of the machine, the jigger board moves right and left.

Q. Where is the central locus? A. 11-A.

Q. In 11-A do you find a rigid connection between the two platforms at their inner ends?

A. Yes, a long board.

Q. There is no jigger mechanism between, at the central locus? A. No.

(Testimony of Earl A. Ernst.)

Q. In this particular machine it is completely at the end of the machine?

A. Carried off the end of the machine.

Q. You don't find any element which might correspond to the connection of the means with the platform at the central locus? A. No.

Q. You don't find one?

A. No, but as the crank moves at the end of the jigger board, it is the same operation as if you had it at the open locus, as you call it.

Q. Referring to the photographs attached to plaintiff's interrogatories, Exhibit 3—Mr. Franklin has marked the two exhibits 3, but they are different photographs—— [40]

The Court: What are you talking about now?

Mr. Huebner: I am talking about the photographs, marked Exhibit 3.

The Court: Both are marked Exhibit 3?

Mr. Huebner: Both are marked Exhibit 3.

Q. (By Mr. Huebner): Have you got the photographs in front of you? A. Yes.

Q. Do you understand the operation of that machine? A. I think so.

Q. You know it is one of the forms of the defendants' machine? A. Yes.

Q. Do you contend that the two machines shown on the two photographs, Exhibit 3 attached to the interrogatories, infringe claim 1 of Reissue 22,740?

A. I do.

Q. You find in the structure illustrated in the photographs, Exhibit 3, two platforms.

(Testimony of Earl A. Ernst.)

A. Yes.

Q. Those platforms have their inner ends terminating in the center of the photograph, as shown?

A. Yes.

Q. Do you find in that some sort of a jigger mechanism? A. Yes. [41]

Q. Do you find a connection near the end of the platform on the left-hand side?

A. Yes, it is connected.

Q. Explain it to the court, how it is connected at the end of the platform.

A. By means of the bearing, and two separate rods, with a pivot to tie them together.

Q. Is the jigger mechanism also connected to the separate platform on the right-hand side?

A. It is connected to both.

Q. The jigger mechanism is connected to both platforms? A. Yes.

Q. Do you understand that there is a coupling mechanism on the right-hand side?

A. Yes, there is a coupling mechanism, as you call it.

Q. It would be pivotally connected to the crank at the end? The jigger mechanism would revolve in an orbit? A. Revolve in what?

Q. Revolve in an orbit. A. Yes.

Q. And in revolving it will carry the connections which run from it to the respective platforms, in an up and down movement?

(Testimony of Earl A. Ernst.)

A. No, it would run your platforms back and forth.

Q. You do that by rotating an electric crank?

A. Either a half or three-quarters, or whatever they would set it, it would move up and down that distance, yes.

Q. So the crank that connects the eccentric end of the platform will move up and down in this fashion (illustrating)?

A. Yes. That would move up more than a little amount.

Q. How much? A. I don't know.

Q. Several inches?

A. No, not over one inch, that would be the greatest. You can set that down as low as three-eighths. Also I have made them as low as one-half in up and down movement.

Q. In claim 1 of the reissue patent, and in the mechanism of the machine in the exhibit we have been talking about, you would find a pitman adjacent the platform? A. Yes.

Q. Where?

A. At the bottom of the machine, in the center.

Q. Which is the pitman?

A. The crank. I have always termed the pitman the crank.

Q. Where do you find, in the defendants' form of machine, a coupling means connecting the pitman with a portion of the platform?

A. These two straps.

(Testimony of Earl A. Ernst.)

Q. The coupling means in the defendants' device is the [43] same as the pitman, is that right?

A. No.

Q. What?

A. It is not the same as the pitman?

The Court: How do you interpret that?

The Witness: A pitman?

The Court: What is a pitman?

The Witness: A pitman is just a piece of shaft which is taken off of the crank shaft and attached to one end.

The Court: This contains both elements?

The Witness: Yes, they are both built together and attached to both ends at the same time.

The Court: This combines the two?

The Witness: This combines the two.

The Court: But they are not separate elements in that device?

The Witness: That is right.

Q. (By Mr. Huebner): Do you find in this form of defendants' machine a platform including an elongated surface with container stations from the ends thereof to a central open locus?

A. That is here, and this is the central open locus.

Q. There are two platforms in the defendants' machine?

A. There are two platforms attached together. It means the same thing. [44]

Q. It is your impression that this is the same

(Testimony of Earl A. Ernst.)

thing, one a central open locus and one a single platform, is that it? A. Yes.

Q. I ask you where you find a vibratory means in the defendants' form of device, having its connection with the platform at the central locus.

As long as you are hesitating, aren't there two connections, one on the inner end of the left-hand platform and one on the right-hand platform?

A. On Exhibit 3?

Q. Yes.

A. Yes, but they are still connected right together.

(Whereupon, a recess was taken until 2:00 o'clock p. m. of the same day.) [45]

March 8, 1949, 2:00 P. M.

EARL A. ERNST

resumed the stand as a witness on his own behalf and, having been previously duly sworn, testified further as follows:

Cross-Examination (Continued)

By Mr. Huebner:

Q. Mr. Ernst, will you refer to the photographs, Plaintiff's Exhibits 12-A and 12-B, please?

A. These photographs are 11-A and 11-B.

Q. I understand. Do you know that these two photographs illustrate different parts or sections of one Ideal machine?

(Testimony of Earl A. Ernst.)

A. Yes, two different parts.

Q. Refer again to the photograph, 12-A. Do you find there two jigger platforms connected by a bridge?

A. Yes, they are connected by a piece of iron or wood.

Q. And do you find a jigger mechanism connected at one end of the total assembly?

A. Yes.

Q. And that entire mechanism shakes or vibrates the entire platform connected with the bridge?

A. Yes.

Q. The other, that shows the platform?

A. Yes. [46]

Q. And the jigger mechanism connected to the platform? A. Yes.

Q. At what place?

A. Somewhere about the center of the machine.

Q. You don't find any central open locus on that part of the machine indicated as 12-B, do you?

A. In part of that. I would say anywhere would be the open locus.

Q. Then it would not matter, in your opinion, in comparing the machine with the patent, whether there are cleats on the platform or not?

A. Yes.

Q. There are cleats all the way along the platform in Exhibit 12-B? A. Yes, three cleats.

Q. That is intended to accommodate or space how many sacks? A. Three.

(Testimony of Earl A. Ernst.)

Q. Where is the central open locus you are talking about?

A. It is in between the frame of that machine along that platform.

Q. Whereabouts?

A. Somewhere around the center, I imagine.

Q. Do you contend that the structures and machinery illustrated in these two photographs, Exhibit 12-A and [47] Exhibit 12-B, infringe your Patent 2,288,159?

A. No, not on that, because we have no jigger board. We have the shear plate, which is an infringement.

Q. 2,288,159 is the shear plate patent?

A. Yes.

Q. You say you don't contend it infringes the shear plate patent? Point out on Exhibits 12-A and 12-B where there is a shear plate, the same as is found in your patent.

A. On Exhibit 12-A it does not show a shear board on this picture.

Q. Where is the shear plate located on Exhibit 12-B?

A. It moves across the belt but in a different manner.

Q. That is located adjacent to the upper surface of the belt? A. Yes.

Q. You say that corresponds to your shear plate 52 of the patent in suit?

A. Not this in particular. On 12-B, I consider

(Testimony of Earl A. Ernst.)

this part is the jigger board. This has been used for 20 years.

Q. Indicate what you say has been used for 20 years.

A. This piece of iron that travels back and forth over the belt.

Q. That is in Exhibit 12-B? A. Yes.

The Court: In all conveyer belts, where you are dealing [48] with small objects such as oranges and the like, there must be something to push them along.

The Witness: Yes. They have lots of stationary units for oranges.

The Court: In Reedley I have seen where they pack boxes, and the conveyer belt pushes the whole box in front of persons who examine it.

The Witness: Yes.

The Court: So, unless you have a stationary box for various objects, which remains stationary when the belt moves, you must have, when you are dealing with a single object, fruit or vegetables, something that will push them along the conveyer belt.

The Witness: Yes.

The Court: You don't contend that you have a patent which entitles you to claim any means that anyone uses for pushing potatoes or oranges along a platform like that, in order to get them into the sack, do you?

The Witness: Not as applied to this, anything that might be used to convey oranges into a box, or whatever you put the merchandise in; but in

(Testimony of Earl A. Ernst.)

this particular one the wide belt, 30 or 20 inches wide, drops it into a sack, and when it is full it works over onto the other sack.

The Court: Where is the novelty in that?

The Witness: There is no novelty. This apparatus is [49] slow. One man can take 150 sacks an hour off, and he works like the dickens, and on mine you can get 300 sacks.

The Court: This is an inferior machine?

The Witness: It is inferior to ours.

Q. (By Mr. Huebner): Do you contend the machine in Plaintiff's Exhibits 12-A and 12-B infringes your Reissue Patent 22,740?

A. On 12-A, the jigger board, yes, and the shearing board; and on 12-B, just the jigger board.

Q. You do contend that the jigger board in both these pictures, 12-A and 12-B, infringes your Reissue Patent 22,740? A. That's right.

Q. In 12-A where do you find a central open locus in this machine?

A. There is none on this particular machine. The jigger board is on the end.

Q. You don't find any connection of the pitman and the plate at the end of the central locus?

A. Not on the central locus. It is put on the end of what you would call a pitman, because this arm is attached to the offset shaft, which makes this go back and forth.

Q. Look at 12-B. You said a minute ago that the machine had a central open locus on this little

(Testimony of Earl A. Ernst.)

platform in 12-B. Do you still insist that is possible?

A. This pitman is mounted somewhere about the center [50] of the machine.

Q. Do you contend that the central open locus of claim 1 of your reissue patent, with a vibratory platform, that that central open locus is present in 12-B?

A. It doesn't make any difference whether you put it in the center or the end or where; it still does the same job.

Mr. Huebner: I would like to mark this for identification.

The Clerk: Refendants' Exhibit A for identification.

(The document referred to was marked Defendants' Exhibit A for identification.)

Mr. Huebner: And the second photograph——

The Clerk: Defendants' Exhibit A for identification.

(The document referred to was marked Defendants' Exhibit B for identification.)

Mr. Huebner: Mr. Franklin, we inadvertently don't have any extra copies, even for ourselves, but I will get them for you.

Mr. Franklin: What is it?

Mr. Huebner: It is an end view of the photograph, Exhibit A, and the third photograph——

The Clerk: Defendants' Exhibit C for identification.

(Testimony of Earl A. Ernst.)

(The document referred to was marked Defendants' Exhibit C for identification.)

Q. (By Mr. Huebner): Will you examine Exhibits A, B, [51] and C for identification and state whether you understand the construction and mode of operation of those machines shown therein?

A. I think so.

Q. Do you contend that the machine illustrated in these three photographs, Exhibits A, B, and C, infringe claim 1 of each of the patents in suit?

A. I do.

Mr. Huebner: I would like to mark for identification a new series of photographs.

The Clerk: Defendants' Exhibit D marked for identification.

(The photograph referred to was marked Defendants' Exhibit D for identification.)

Mr. Huebner: And the second in this series——

The Clerk: Defendants' Exhibit E marked for identification.

(The photograph referred to was marked Defendants' Exhibit E for identification.)

Q. (By Mr. Huebner): Examine Defendants' Exhibits D and E for identification and state, please, whether you see in this construction the mode of operation of the machine shown therein.

A. Yes.

Q. Do you contend that these machines, illus-

(Testimony of Earl A. Ernst.)

trated in [52] Exhibits D and E for identification, infringe claim 1 of each of the patents in suit?

A. This Exhibit D is more or less dismantled, so you can't tell how it was hooked up. There is no connection there at all.

Q. Assuming there was a vibrating connection at the end of the platform, with that supposition would you say it infringes? A. Yes.

Q. That is to say, it infringes claim 1 of both patents in suit? I want to clear that up with you, please. A. Yes.

Q. Now, Mr. Ernst, will you refer to Plaintiff's Exhibit 7, the photograph of the 1939 machine. You manufacture machines of that construction and operate them, do you?

A. Yes; a few years ago, when I was on the ranch, we had them built, yes.

Q. What was that built for?

A. To sack potatoes or onions.

Q. Does it have a jigger board? A. No.

Q. Or a shear plate?

A. It has this; I think it is a shear plate; if you want to call it a shear plate. It is a slow speed; not high [53] speed.

Q. Are machines of that construction being manufactured?

A. It is for people who want to run around 100 or 150 sacks an hour.

Q. You still build such machines and sell them?

A. Yes.

(Testimony of Earl A. Ernst.)

Q. I believe you testified that the machines, which are manufactured by yourself under the patent in suit, became very popular.

A. That is right.

Q. Do you recall when, with reference to the year 1939, you began to manufacture and sell the new mechanical machines?

A. November, 1939.

Q. When?

A. It was in 1942 when I started making my automatic jigger.

Q. When did you start making machines with the shear plate mounting, the construction shown on Patent 2,288,159?

A. On our Patent 2,288,159, when my brother built them, I believe it was in 1940. I am quite sure it was 1940.

Q. In the year 1940 you did manufacture and sell commercial machines of the pattern illustrated in your Patent 2,288,159?

A. In 1940?

Q. Yes. [54]

A. No, I don't believe we sold any of them until 1941.

Q. About what time in 1941?

A. I would say August or September.

Q. Of 1941? A. Yes.

Q. Did you have them on display prior to that time?

A. He had built this, made it in the warehouse.

(Testimony of Earl A. Ernst.)

We had no manufacturing plant. We were working in potato houses at that time.

Q. You were working in potato houses at that time?

A. Yes. We built the machine in the potato house. We did not have a manufacturing plant.

Q. When you manufactured the machine 2,288,159 in the potato plant, it was for the use of the people operating the plant?

A. We built it for our own use.

Q. You were operating the plant? A. Yes.

Q. I want to clear that up. When did you first begin to use the machine like Patent 2,288,159, made up in the potato packing house?

A. In the year 1941, I think it was. Whether we used it in 1940 or 1941, I don't recall. It was in 1940, possibly late.

Q. Possibly late in 1940? [55]

A. Yes, or early in 1941.

Q. I would like to clear up what you said about the vibration of the platform of the machine, of this later type. Was it on a shaft back and forth, horizontal or vertical, or a combination of both?

A. We found through experience, going back and forth. We did have it hung up on straps, and it goes very slowly. It would possibly move, but you couldn't see it.

Q. Do you mean that it was a motion up and down as well as lengthwise?

(Testimony of Earl A. Ernst.)

A. Slightly up and down.

Q. Are you acquainted with Mr. Darby Day?

A. Yes.

Q. Do you recognize him as present in court?

A. I do.

Q. Do you recall meeting him in the plant of the Ideal Manufacturing Company at Shafter, in the year 1946?

A. I have been over to the plant once or twice, and possibly have. I don't recall talking to Mr. Day.

Q. Fix the time as nearly as you can, when you have visited the Ideal Manufacturing plant at Shafter.

A. I have only been in the place two or three times, I believe?

Q. When were they?

A. We went over, I believe in the neighborhood of [56] about two years ago, because they wanted to sell the place out to us, and me and Mr. Stolz, the general manager, went out and looked the place over.

Q. When was that?

A. I believe about two years ago; possibly 1946. It was either late '46 or early '47.

Q. On the occasion of that visit was Mr. Day there? A. No, I don't believe so.

Q. Did you have a conversation with Mr. Day at that plant with regard to a machine which the Ideal Company was manufacturing, such conversation taking place about 1946?

A. I don't believe so. If I talked to Mr. Day, I

(Testimony of Earl A. Ernst.)

went to see what was going on. I don't believe I went and drilled Mr. Day, but I do remember going in there sometime right after they had started the Ideal Manufacturing place.

Q. Will you please look at Defendants' Exhibits D and E for identification? A. What?

Q. D and E. Do you recall seeing machines having that construction and mode of operation on one of your visits to the plant of the Ideal Manufacturing Company? A. No.

Q. Do you remember seeing any kind of machine at the Ideal Manufacturing Company's plant?

A. Yes, I have seen some of their machines, but I [57] don't recall any one type. I would say they put out a 10-pound bag machine.

Q. Do you remember discussing with Mr. Day where the Ideal Manufacturing Company was infringing any of your patents?

A. I don't believe I ever discussed anything with Mr. Day about the patents. I don't believe I ever discussed it.

Q. You are asked this specific question: In 1946, at the plant of the Ideal Manufacturing Company in Shafter, California, in a discussion with Mr. Darby Day, and having before you and him a machine of the construction and mode of operation of Plaintiff's Exhibit D for identification, did you not then and there inform Mr. Day that you did not consider such machine to be an infringement of any of your patents?

(Testimony of Earl A. Ernst.)

A. I don't believe I talked to Mr. Day one way or the other.

Mr. Franklin: I don't see the materiality of this question. I object to it as incompetent, irrelevant, and immaterial.

The Court: I will sustain the objection.

Mr. Huebner: May I make the comment that it goes to laches and equitable estoppel and admission against interest.

The Court: I don't think it goes to any admission against interest.

Mr. Huebner: I will conclude my cross-examination. [58]

The Court: No defense of laches or anything of the kind is pleaded, and they have to be pleaded.

Mr. Huebner: We have finished the cross-examination.

The Court: Any redirect?

Redirect Examination

By Mr. Franklin:

Q. In this photograph attached to the interrogatories, Exhibit No. 2, can you show where the shearer is connected to the trolley?

A. Yes, it is connected by an arm, curved and bolted on it. The shear plate is also bolted onto the wheels of the trolley.

Q. That is where it is connected?

A. It is a piece of scrap iron.

(Testimony of Earl A. Ernst.)

The Court: That is page 2 attached to the deposition?

Mr. Franklin: The interrogatories.

Q. (By Mr. Franklin): Now, in the movement of the jigger board, you have stated that it was a reciprocating movement and moves lengthwise of the machine. A. Yes.

Q. And being hung on links, there might be a slight movement, an arc swinging from the center, and a slight vertical movement? A. Yes.

Q. Can you see the jigger board moving horizontally [59] and longitudinally in the operation?

A. Yes, back and forth.

Q. Can you see that slight vertical movement?

A. No, it is so slight it cannot be noticed with your eye.

Mr. Franklin: I think that will be all.

(Witness excused.)

The Court: Call your next witness.

HENRY J. STOLZ

a witness called by and on behalf of the plaintiff, having been first duly sworn, testified as follows:

The Clerk: What is your name, please?

The Witness: Henry J. Stolz.

Direct Examination

By Mr. Franklin:

Q. What is your occupation?

(Testimony of Henry J. Stolz.)

A. I am general manager of the Ernst Manufacturing Company.

Q. Are you familiar with the defendants' machine?
A. Yes, I am.

Q. The Ideal? A. Yes.

Q. Have you seen it in operation?

A. Yes, I have.

Q. Have you made any photographs of it? [60]

A. I have supervised the taking of pictures of various Ideal machines.

Q. I show you plaintiff's interrogatories, Exhibit 3. Did you supervise the taking of those photographs?
A. Yes.

Q. Have you made any drawings of the defendants' machines?
A. Yes, I have.

Q. I show you a blueprint and ask you if you can identify that.
A. Yes.

Q. The upper figure, which is marked "Back view," that is a rear elevation?

A. That is a rear view; back view.

Q. The lower figure is what?

A. The lower figure is a top view of the bottom part of an Ideal sacker.

Q. Will you describe the construction? They are both the same, are they not?

A. Yes. They are, of course, of the same piece of equipment.

Mr. Huebner: May I suggest, if the witness is going to refer to the document, that it be marked before a comparison is made?

(Testimony of Henry J. Stolz.)

Mr. Franklin: What is the next number? [61]

The Clerk: 13.

Mr. Franklin: Plaintiff's 13.

The Clerk: Plaintiff's 13 marked for identification.

(The document referred to was marked Plaintiff's Exhibit No. 13 for identification.)

Q. (By Mr. Franklin): Does the drawing show an endless conveyer? A. Yes, it does.

Q. Does it show a jigger board?

A. Yes, it does.

Q. Where is the endless conveyer located?

A. The endless conveyer is shown in the back view, the belts are identified by the number 7.

Q. Does it show a jigger board?

A. Yes, it does. The jigger board is identified by the figures 3 and 4.

Q. In which figure?

A. In the top view of the bottom part.

Q. The top view? I see the figures 3 and 4 on the bottom view.

A. That is correct. The jigger board is shown on the top view and would be directly behind the driving arm.

Q. That jigger board, 3 and 4, is not shown in the back view? A. No. [62]

Q. It is shown in the top view?

A. Yes, it is.

Q. Is that jigger board reciprocated?

(Testimony of Henry J. Stolz.)

A. Yes, it is reciprocated back and forth, on a horizontal plane.

Q. And what produces the reciprocation? Indicate the part by letter if you can.

A. The sprocket, No. 9, is driven through a means of rollers and chain. The sprocket is noted at the end of the letter, No. 7.

Q. Is the chain shown?

A. The chain is shown, numbered 8.

Q. And the sprocket is No. 9?

A. The sprocket, No. 9, rotates and drives a cam and eccentric shown in figure No. 6. Also the eccentric drives figure No. 1, which can be called a pitman or drive arm, which moves the figure No. 2 back and forth, and the figure No. 2 being connected to the jigger board, 3 and 4, they move back and forth on a horizontal plane.

Q. And the pitman is connected to the part 2?

A. Yes, it is. It is connected to 2 on the swivel, which in turn is connected to the jigger board.

Q. What part is connected to the jigger board?

A. It is connected to the end of No. 3, the jigger board. [63]

Q. What is the part 10?

A. The part 10 is a short piece of metal, which is more or less a bearing or a bracket, with supports on the end of part No. 2.

Q. Does part 2 swing on part 10?

A. Yes, one end of it swings on part 10, and the other end of part 2 swings on part 3.

(Testimony of Henry J. Stolz.)

Q. That is, part 3 is one section of the jigger board?
A. Correct.

Q. And are sections 3 and 4 of the jigger board connected?

A. They are connected together with the part 5.

Q. And the movement applied to the end of the jigger board 3 by 2, is that movement transmitted to the jigger board 4?
A. Yes, it is.

Q. Do the jigger boards move together simultaneously?
A. Yes.

Q. And then the movement of the jigger board is what, lengthwise?

A. The jigger boards are moved lengthwise with a very slight up and down action. This action can only possibly be the difference in the arc of the chains holding it. A 2-inch swing would be a maximum, or about one-eighth inch less.

Q. Do these jigger boards have cleats in them?

A. Yes, they do.

Q. What is the purpose of those?

A. The cleats position the bottom of the potato sack on the board and keep it from sliding on the board during the process of the shaking and jiggling action.

Q. Did you make any photographs in connection with this drawing?

A. Yes, I have pictures taken from the sketch and photographs.

Q. Do you have the photographs here?

A. Yes, they are in evidence.

(Testimony of Henry J. Stolz.)

Q. Can you pick them out from those photographs?

A. The sketch, Exhibit 13, is also shown on Exhibits 11-A and 11-C.

Q. Does it appear on 11-B?

A. 11-B is also the same machine, but it does not show this part of the machine shown on the blueprint.

Q. That blueprint shows the same parts as 11-A and 11-C? A. Correct.

Q. How long have you been associated with Mr. Ernst in the potato business?

A. I have been with Mr. Ernst since February, 1946.

Q. Have you observed any of his experiments in building these machines? [65]

A. Yes, I have. I have worked with Mr. Ernst prior to 1946, as a representative in selling his material, and I have worked with Mr. Ernst since then.

Q. Were you present when he made any experiments with vertical movements, or horizontal and reciprocating movements?

A. No, I have not.

Mr. Franklin: That is all.

Cross-Examination

By Mr. Huebner:

Q. Was the Ernst Manufacturing Company, that

(Testimony of Henry J. Stolz.)

you say you are general manager for, a concern that was exploiting the subject-matter in suit?

A. We manufactured these two products, and many others.

(Witness excused.)

The Court: Call your next witness.

Mr. Franklin: We rest plaintiff's prima facie case.

The Court: Plaintiff rests.

Mr. Huebner: We offer in evidence, your Honor, a folder containing copies of the two patents in suit, as a matter of convenience, but primarily containing the prior art which has been pleaded in the answer, a duplicate of that folder having been handed to your Honor during the morning proceedings.

The Court: Admitted.

The Clerk: Defendants' Exhibit F.

(The folder referred to was marked Defendants' Exhibit F and was received in evidence.)

Mr. Huebner: I suppose, for identification purposes, that each patent may be given a different number?

The Court: Yes, if you want it done.

Mr. Huebner: If we can call it one exhibit, and give it a number.

The Court: Are you going to have the expert tell me what it is all about, or are you going to rely upon my knowledge what are the prior patents?

Mr. Huebner: We have no expert, but we have a practical man, a man who pretends not to be a patent expert.

The Court: What are your best references?

Mr. Huebner: I will tell your Honor what our best references are: No. 2,288,159: Cunningham, No. 873,991, and Helenbolt, No. 1,338,729. The others we are not advancing. Those are the patents which probably show the most.

As to the Reissue Patent No. 22,740, I refer as best references to Bradbury, No. 826,988 and Naeher, No. 1,719,124, which is not a file wrapper reference, and neither is Bradbury, and the third is Erickson, No. 2,043,739.

The Court: I think we will give them one number, and as you call my attention to them they can be marked, or as your expert goes through them we will give them a sub-number.

Mr. Huebner: We have a written stipulation, which has already been signed by the attorneys, that we may use uncertified copies of United States patents, and photostatic [67] copies of foreign patents, and also translations of the two foreign patents which are not numbered.

The Court: Very well. The stipulation may be filed.

Mr. Franklin: I would like to make one objection, and that is that all of these patents are on a different class of machines than the patents in suit.

The Court: That goes to the weight. I will overrule the objection.

Mr. Huebner: I offer in evidence a certified copy of the file wrapper patent, No. 2,288,159.

The Court: It may be received.

The Clerk: Defendants' Exhibit G in evidence.

(The document referred to was marked Defendants' Exhibit G and was received in evidence.)

Mr. Huebner: Our next exhibit is a certified copy of the file wrapper and contents of Patents No. 2,347,474.

The Court: It may be received.

The Clerk: Defendants' Exhibit H in evidence.

(The document referred to was marked Defendants' Exhibit H and was received in evidence.)

Mr. Huebner: I next offer in evidence a certified copy of the file wrapper and contents of Re-issue Patent No. 22,740.

The Court: It may be received.

The Clerk: Defendants' Exhibit I in evidence.

(The document referred to was marked Defendants' Exhibit I and was received in evidence.) [68]

(The court here took a short recess.)

H. G. McBRIDE

a witness called by and on behalf of the defendants, having been first duly sworn, testified as follows:

The Clerk: What is your name, please?

The Witness: H. G. McBride.

Direct Examination

By Mr. Huebner:

Q. Mr. McBride, are you the H. G. McBride named with A. G. Clemens in the complaint, doing business as Ideal Manufacturing Company?

A. I am.

Q. Does Mr. Clemens still hold an interest in this business? A. He does not.

Q. What occurred?

A. I bought him out the 1st of October, 1948.

Q. Are you now the sole proprietor of the business known as Ideal Manufacturing Company?

A. I am.

Q. Do you assume liability of the partnership as well as accept its assets? A. I do.

Mr. Huebner: That is all.

Mr. Franklin: No questions.

(Witness excused.) [69]

SPENCER DARBY DAY

a witness called by and on behalf of the defendants, having been first duly sworn, testified as follows:

The Clerk: What is your name?

The Witness: Spencer Darby Day.

Direct Examination

By Mr. Huebner:

Q. Mr. Day, you are at the present time salesman for the Ideal Manufacturing Company, a proprietorship conducted by Mr. McBride, are you?

A. Yes.

Q. How long have you been associated in that capacity with Mr. McBride?

A. Last December—it was a year ago, but I started in, and left, and this is since last December.

Q. Have you any personal knowledge of the equipment that Mr. McBride, and the organization known as Ideal Manufacturing Company, is manufacturing and selling? A. Yes.

Q. What has been their principal line?

A. In building all types of products.

Q. The subject-matter here constitutes a portion of the equipment built by the defendant?

A. That is right.

Q. Can you very briefly testify as to the several forms [70] of machines which have been manufactured by Mr. McBride and his partnership?

(Testimony of Spencer Darby Day.)

A. Do you mean the machine——

Q. The machine in controversy. It has shear plates and a jigger board.

A. In 1946 we started to build the Biloff type of sacker. It has the eccentric on the center, and extends out to the end, and it shakes it, as illustrated in the photograph, with a hinged means, with a board on the end.

Q. What came after that?

A. We built a machine that had a center shaker, shaking from the center.

Q. There is a photograph in evidence of this. And what next?

A. Then came the type that was shaken from the end, or vibrated.

Q. Now examine Defendants' Exhibits D and E for identification, and state whether those photographs illustrate correctly the forms of defendants' machines that you have been talking about.

A. Yes, they do.

Q. Which ones?

A. This Exhibit D is what we call the Biloff type.

Q. What is Exhibit E?

A. Exhibit E is also the Biloff type, where it has [71] a rigid board with the hinged means separately, and the board shakes the sacks in this manner (illustrating).

Mr. Huebner: I offer the photographs heretofore offered only for identification.

(Testimony of Spencer Darby Day.)

The Court: They may be received.

The Clerk: Defendants' D and E in evidence.

(The photographs heretofore marked Defendants' Exhibits D and E for identification were received in evidence.)

Q. (By Mr. Huebner): Will you refer to the photographs which are annexed to plaintiff's interrogatories, the interrogatories being Plaintiff's Exhibit 5, and state which of the forms that you have referred to are illustrated in these photographs?

A. This is the shaker (indicating).

Q. Isn't that what you call the center shaker?

A. Yes.

Q. In that center shaker were there one or two rods for supporting the rollers that sustain the shearer plate?

A. There were two.

Q. In that form?

A. Yes.

Q. Referring now to the photographs marked for identification A, B, and C, state, please, whether those photographs illustrate any one of those three types of defendants' machines that you have identified. [72]

Exhibit A is the photograph of one of defendants' machines?

A. Yes.

Q. That is shown as Exhibit A, and was modified, was it not, from the one which had been a center shaker?

A. That's right, yes.

Q. This end view, which is Exhibit B for identification, which machine is that?

(Testimony of Spencer Darby Day.)

A. This is actually a photograph of the Sill machine.

Q. What I want to know is, which one of the Ideal machine forms is that?

A. This is a shaker form.

Q. Similar to Exhibit A?

A. Yes, the same principle.

Q. And what is Exhibit C?

A. This also has a shaker.

Q. Is that one of your newer models?

A. Yes.

Q. And is the end shaker type?

A. Yes.

Mr. Huebner: I would like to offer A, B, and C in evidence, which were marked first for identification.

The Court: They may be received.

The Clerk: A, B, and C in evidence.

(The photographs heretofore marked Defendants' Exhibits A, B, and C for identification were received in evidence.) [73]

Q. (By Mr. Huebner): Exhibit A shows a modified form of a machine previously made, of what is called a center shaker, the center shaker being identified in the photographs in the interrogatories. With that distinction, when was such change made in the construction of the machine?

A. Do I have the right one?

Q. The one in this picture attached to the in-

(Testimony of Spencer Darby Day.)

terrogatories is what you call a center shaker, and the picture, Exhibit A, is what is called an end shaker. When was the change made from the center shaker?

A. It must have been in March of 1948.

Q. What was the reason for making the change?

A. We got a letter from Mr. Moore——

Q. Earl Moore?

A. Earl Moore, saying with respect to infringing, that his advice was that we were infringing.

Q. How soon after you contacted him did you get his advice? A. Just a few days.

Q. In reporting to you, did he go on the basis of having made a search and having inspected the patents?

A. I think just by looking at the machine. I don't just exactly remember.

Q. Have you ever operated any of the machines in the condition that they were according to the photographs in the [74] interrogatories?

A. Not to my knowledge, whatsoever.

Q. Had some of them been placed with customers? A. Yes.

Q. Did your customers object to the change-over? A. No.

Q. Have any of your machines been operated by your customers since the change-over?

A. They have.

Q. By the way, did you ever have anything to do with a movable shearer prior to 1940?

(Testimony of Spencer Darby Day.)

A. I think in 1937, in the Paramount machine of the Paramount Manufacturing Company in Stockton, they had the same principle.

Q. What were the circumstances under which you—I mean your predecessor in business,—discontinued the Biloff and changed over to yours?

A. We had permission to do that, from his company.

Q. You paid them a royalty? A. Yes.

Q. Why did you discontinue?

A. Mr. Clemens, in taking over the shop, made a working model of the shearer, with the change-over.

Q. On what basis did you pay that royalty to Mr. Biloff—on the theory that he had a patent of that kind? [75] A. Yes.

Q. And you dropped it? A. Yes.

Q. In connection with the change-over?

A. With the Ideal machine.

Q. Did you make a change in the shearer support and means mechanically?

A. Yes; we changed over to the two rods. We thought maybe it infringed.

Q. There are two rods shown in the photograph attached to the interrogatories? A. Yes.

Q. And only one rod in the photograph attached as Exhibit A? A. Yes.

Q. It has a roller attached to the frame?

A. That's right.

Q. What kind of frame is the supporting mech-

(Testimony of Spencer Darby Day.)

anism shown in Exhibit D, which is one of the views of the Biloff machine?

A. This shear plate runs on a piece of angle iron, and has a pair of roller skates on each angle iron.

Q. You made that change-over on the advice of Mr. Worrell, your patent counsel?

A. Yes. [76]

Q. Very shortly after your first consultation with him, did he advise you whether in his opinion the defendant or his predecessors were infringing the patents in suit?

A. I don't remember.

Q. You don't remember?

A. No, sir, I don't.

Mr. Huebner: We have no further questions.

The Court: All right. Cross-examine.

Cross-Examination

By Mr. Franklin:

Q. In Defendants' Exhibit D is there a jigger board there? A. Yes, sir.

Q. Is there a crank connected to that jigger board to reciprocate it?

A. I think this is worked—this particular machine, I think, runs through an arm; it is connected on at the end, it comes out there at one end.

Q. One end? A. Of the jigger board.

Q. What is inside of the box that has the words "Ideal, Shafter"?

(Testimony of Spencer Darby Day.)

A. The regular sprockets and chain. That is exactly the same as we use right now.

Q. How is the crank driven at the end of the jigger [77] board?

A. I don't think there is a crank. It works off of the center. There is a rod hung on the back and connected on this.

Q. There is a rod that comes from the center mechanism to the end of the machine and connects to the jigger board?

A. To the best of my knowledge.

Q. On Exhibit E, how is that jigger board operated?

A. This is a Biloff type jigger, and it is run by a shaft coming from the motor straight down. There are two sprockets here, and this jigger board is rigid. It does not move backwards and forwards. It is stationary.

Q. What are you speaking about?

A. This board is rigid; and there are shaped in a form like this, to hold the sacks. This in turn moves.

Q. What holds the sacks?

A. This is stationary, but this has another plate connected with the center, and connects onto the board itself. I think it is in Shafter now.

Q. Do the bags rest on this, would you say, in this machine?

A. It rests, in this manner. It shakes the sacks in this manner (illustrating).

(Testimony of Spencer Darby Day.)

Q. It shakes from here?

A. Yes, out to the center. Biloff used the principle, [78] first of all, and I think he thought he might be infringing on Mr. Ernst, and he changed that, but I am not sure; I don't know what the reason was.

Q. Did you work for the Ideal from August 1, 1947, to October 15, 1947?

A. For the Ideal Manufacturing Company?

Q. Yes.

A. I hardly think so. I left—I would have to count up and see. No, I think I worked for Paramount after I left Ideal in June or July, and then I left them, to go to work for Mr. Ernst.

Q. When did you go to work for Mr. Ernst?

A. I believe in July.

Q. What year?

A. I will have to find out. It was 1948 or '47. I really don't know.

Q. Can't you remember whether it was '47 or '48? You don't remember?

A. I really don't. I couldn't tell exactly the date. I worked for him maybe two months or so—I don't remember; then I went back East.

Q. After you worked for Mr. Ernst, you went to work for Ideal?

A. I came back in December.

Q. In December, 1947 or 1948? [79]

A. It was in 1947 that I went to work for Ideal.

(Testimony of Spencer Darby Day.)

Q. Did you work for Ernst from August of 1947 to October, 1947?

A. I think that is right.

Q. Then you went to work for Ideal in 1947?

A. Sometime in 1947.

Q. And you are still there? A. I am.

Q. You worked continuously?

A. No; I went back in the summer. I moved back to the eastern states, and then I went back and worked for Mr. McBride again.

Q. You worked as salesman? A. Yes.

Q. For the Ideal?

A. Yes, at different times.

Q. Do you know whether the Ideal makes different types of machines?

A. As a general rule they build what the customer orders. However, we do have a standard machine.

Q. It is mostly a potato machine?

A. We have a complete machine for potatoes, carrots, and so forth.

Q. A general machine, for handling potatoes?

A. Yes. [80]

Q. Is this machine, shown in Exhibit 3 of the interrogatories, operated at the center, by hand crank? Wasn't that machine operated at Santa Maria?

A. Not to my knowledge, because every one of these machines was changed, so far as I know, before it was ever operated.

(Testimony of Spencer Darby Day.)

Q. Did you sell that machine to a concern down in Santa Maria?

A. I don't think this is the Santa Maria machine. This looks like the McCredy machine.

Q. I am speaking of this type of machine.

A. Yes, we did.

Q. You sold that machine? A. Yes.

Q. You sold that machine to other parties?

A. Yes. So far as I know, it was never operated on the same principle there.

Q. So far as you know? A. Yes.

Q. Were you ever a partner in the Ideal Company?

A. Yes, I was in 1946. I worked until some time in June, and went to work for the Paramount Company instead.

Q. You had an interest in the Paramount Company? A. Yes, at one time.

Q. When the crank was taken from the jigger board, and [81] connected to the end, was there any difference in the operation of the jigger board?

A. No; it helped it.

Mr. Huebner: In what way?

The Witness: There were several less moving parts, and less chain.

Q. (By Mr. Franklin): What about the vertical adjustment of the jigger board?

A. In ours they could adjust it to 50 or 100 pounds.

Mr. Franklin: That is all. [82]

March 8, 1949

J. WALKER GLENN

a witness called by and on behalf of the defendants, having been first duly sworn, testified as follows:

The Clerk: What is your name, please?

The Witness: J. Walker Glenn.

Direct Examination

By Mr. Worrel:

Q. What is your name, Mr. Glenn?

A. J. Walker Glenn.

Q. Where do you reside?

A. 3015 Country Club Boulevard, Stockton.

Q. Are you familiar with the production, processing and sale of marketable products, such as fruit and vegetables? A. Yes.

Q. Have you ever been in the business yourself?

A. Yes, I started as a carload lot dealer in 1911.

Q. Did you treat the potatoes and vegetables in any manner whatsoever? A. Yes.

Q. Would you kindly tell the court your original manner of handling potatoes after they had been purchased?

A. There wasn't much handling in 1911, 1912 and 1913. It was merely a case of the farmers digging the potatoes, [83] and they were selected and graded in the field by individual pickers, and dumped in sacks, which were filled with a large mugg. The contract was for 150-pound bags.

Q. All of your processes were manual?

(Testimony of J. Walker Glenn.)

A. Yes.

Q. When did a mechanical machine for handling potatoes, to the best of your knowledge, occur?

A. That started, I would say, in the neighborhood of about 1915, to my knowledge. There were tables built, where we could dump the potatoes on the table, and push them along by hand and put them in the sack for re-sorting and re-grading.

Q. What was the function of this machine?

A. The original machine did not function. It was a sort of slanted box, which was pushed by hand. Later on it was a shaker box.

Q. Were those manually operated?

A. Yes, originally, and later on, with a crank, which rocked it backward and forward, with the idea of a pitman.

Q. Did you ever operate that yourself?

A. We used a hand machine.

Q. When did the method of jiggling potatoes mechanically first suggest itself to you to the best of your knowledge?

A. About 1927 or 1928. [84]

Q. Did you have anything to do with the development of this machine?

A. Yes, to the best of my knowledge, I believe my partner and I, who is now operating the Paramount Manufacturing Company, conceived the idea. We had a man by the name of Hood, and he worked

(Testimony of J. Walker Glenn.)

out the details, and built the first commercial machine, I think, that was used.

Q. Was this machine ever patented?

A. Yes.

Q. In whose name as inventor?

A. J. W. Glenn, and J. A. Swal.

Q. That is J. W. Glenn, yourself? A. Yes.

Q. Did the device you invented in 1928 employ a jiggling means for shaking sacks?

A. No, it did not. We had a sack holder, which we jiggled, and that was merely a sack holder, which was hung there, and which we jiggled.

Q. Where was the jiggle used?

A. We used the jiggle in Stockton, in about 1929.

Q. Was the machine ever used in Shafter?

A. Yes, I took the first potato jiggling machine to Shafter, and set it up, and operated it, in 1933. It had a table, and belt conveyor.

Q. Was the shearer movable? [85]

A. Yes, it had a movable shearer.

Q. Were the sacks movable relative to the shearer? A. Yes.

Q. In 1933, how did you settle the potatoes in the sacks? A. By hand.

Q. Why was a hand method employed, rather than a mechanical form of shearer?

A. It wouldn't have been practical. I don't think we could have used it, because we were using at that time an open mouth potato sack, and it took

(Testimony of J. Walker Glenn.)

a great deal of effort to close the potatoes in the bag. They were faced with potatoes across the top. That was the open mug type.

Q. Why was the open mug type used?

A. It was developed, when bags were not opened, and the object was for display purposes, and it made the potatoes look very nice. It was a standard bag. The bag was not filled to an even weight. Therefore they put in a large mug, and the customers did not want the open bags. They demanded the mug sacks, which apparently caused a condition in 1933 where it was impractical to use the mechanical jigger.

Q. Can you tell us where the jigger was practiced?

A. Yes. I can not say where it came into being, because at Shafter we were after more potatoes at a faster rate, [86] and therefore we got into the larger bag. As we got into the larger bag, the trade became more accustomed to it. As you saw today, the bag was closed at the top, so that there wouldn't be any likelihood of the potatoes being dropped out of the bag, and it losing weight.

Q. You stated that it was impractical to give a violent shaking to the bag by mechanical means. Will you state to the Court why the violent characteristic could not be done by a machine?

A. It could have been done, but the potatoes would have been beaten to death. No one ever

(Testimony of J. Walker Glenn.)

thought of using it that way. It would mash the potatoes.

Q. Was it apparent, when you got into the larger bag, that it would be desirable to use mechanical means?

A. Until I got out of the produce business, I never used or employed that method.

Q. When did you get out of the produce business that you went into in 1911?

A. About six years ago. I went into the real estate business.

Q. Were you engaged for a time in the production and sale of packing machines? A. Yes.

Q. Where? A. In Stockton. [87]

Q. Over what period?

A. That was after we got the patent, or shortly after. We leased the machines for some time, and did not sell them. That was about 1928. I don't recall the exact year. I think it was, in 1933, if I am correct—that was the year I went to Shafter, and not until 1934 did we sell any machines. We leased some in Shafter, and also sold a machine or two directly.

Q. Since your present occupation, which I believe you said was real estate agent——

A. That's right.

Q. Have you kept yourself currently informed on the development of this machine?

A. Yes, more or less. I was for some time interested in the machine, and spent many hours trying to get the bugs out of it.

(Testimony of J. Walker Glenn.)

Q. Is that a part of your business at the present time, keeping yourself informed?

A. Yes, naturally whenever I see one in operation, I stop and look at it. The Paramount has quite a few in the Delta section. Potatoes are grown around the Stockton area, and I stop in and look at the machine.

Q. For how long a period do you consider that you kept yourself thoroughly informed in the potato handling business, from the time of harvest to shipment? [88]

A. I might put it this way: During the time I was directly connected with the produce business I was constantly in contact with the packing method, and machines. Since I have been in the real estate business, I run over occasionally, as I have said, down to the islands. Just like when I was in Paramount, I talked to the operator, whom I have known for a long time, and spoke of the various changes as time went on.

Q. Is your experience in the field of potato handling, a practical one?

A. I set up the machine myself—the one in Shafter I set up myself. No one had known about it during the development; and I set up the machine myself.

Q. Are you an expert on patents? A. No.

Q. Are you a mechanical expert?

A. I am not an expert, but I can get by.

Q. Do you consider yourself qualified, from a

(Testimony of J. Walker Glenn.)

practical standpoint, as to what has been done in the present art and what changes have been made in the prior art?

A. I don't see why I cannot. We went at the job to get our own patent, and we went through a case very similar to this, in which we fortunately came out on top.

Q. Did that case involve sack jiggling?

A. No. It did not involve sack jiggling, just a [89] jigger.

Q. I would like to call your attention to Exhibit F, to the patent contained in Exhibit F, and with reference to the prior art—I wish to minimize our time in this matter, and I will ask you to turn to Patent 2,288,159, to Ernst, which is Plaintiff's Exhibit 1. A. Yes.

Q. Briefly and succinctly can you explain the structure there in question?

A. There are two conveyor belts, one on each side, No. 18, I believe is the number for the belt. There are two rods running parallel with the belt, and presumably, according to the drawing, at the outer edge of each belt, there are sleeves that fit on a rod. There are two sleeves, one on each rod; a shear plate or deflector that is fastened to the sleeve by means of a link or pin, and bolted on here to the plate, and that plate can be forced to one end or the other of the belt.

Q. Is there any latch, for latching them in juxtaposition on the rod?

(Testimony of J. Walker Glenn.)

A. No. I have looked it over, and I don't see any on here, or described in the writing.

Q. How does the shear plate resist the movement of the potatoes against it?

A. I must say I have wondered about that myself, but [90] having it explained here today, I would say the theory is the potatoes hitting the shear plate, it throws the potatoes in the bin.

Q. As a man fairly familiar with that type of machine, in your opinion, could a binding effect be achieved by substituting rollers for the sleeves?

A. I would not think they could bind, if they were properly put on, and would roll more freely than with a sleeve and rod.

Q. Is your answer then, as long as the wheels were rotably mounted, there would be no binding effect.

A. There should not be.

Q. I direct your attention to Exhibit No. 2, the Ernst patent No. 22,740, and this patent primarily relates to the jigger platform. Will you very briefly describe how the platform operates.

A. There is the platform, No. 2, according to the drawing, with a link 23, attached to the platform. The link, I should say, is attached with a pitman. The upper side is attached to a bracket Nos. 27 and 24. There are four in the length of it. It does not show the cross section, but there are apparently four, on the other side, so the board will swing inside of the bracket.

(Testimony of J. Walker Glenn.)

Q. Is there any elevation movement of the platform, which is referred to as No. 20? [91]

A. There is an eccentric or an offset crank, whichever you might wish to call it, to which is connected the pitman, and the pitman connects from this crank to the bracket No. 60, I would say, or 62. There are two numbers. That is bolted down to the board, and when the crank is turned, by means of a series of connections, it causes the board to oscillate back and forth. In connection with that is the raising and lowering action of the board, which would be in conjunction with the movement of the board.

Q. Is the board moved? A. Yes.

Q. It is also horizontal? A. Yes.

Q. Will you describe the movement? In your opinion, as a man thoroughly familiar with the art, which is more important, the horizontal or the vertical movement?

A. The mere word "jiggling" would imply to me that it was an up and down motion.

Q. I don't think my question is clear. Based upon your prior experience, which means is more important?

A. We always used the jiggling motion, up and down.

Q. Why do you consider it more important than the horizontal?

A. It was necessary with a smaller bag. However, with new potatoes, the less friction you can

(Testimony of J. Walker Glenn.)

apply to the [92] potatoes, the less skin is removed from the potatoes. If the potatoes are moved in a manner to get less friction with each other, they will get less skinning, than if you set them down in the bag.

Q. Have you a copy of Defendants' F before you—a collection of patents?

A. There are some pictures here.

(An adjournment was here taken until 10:00 o'clock in the morning of Wednesday, March 9, 1949.) [93]

March 9, 1949, 10:00 A.M.

J. WALKER GLENN

having been previously duly sworn, resumed the stand and testified further as follows:

Direct Examination
(Continued)

By Mr. Worrel:

Q. The first group of patents we propose to consider are those we consider relevant to the first Ernst Patent No. 2,288,159, which is Exhibit 1. In that connection I would like to call attention to the patent to Blank, No. 805,625. Have you had an opportunity to study this patent carefully?

A. Reasonably carefully.

Q. Briefly, what do you consider significant in the structure shown in the patent?

(Testimony of J. Walker Glenn.)

A. I believe a conveyor belt, a shear plate and plow, as referred to in the patent, for the purpose of deflecting the article passing along the belt, in this instance, on either side, or both sides simultaneously.

Q. Where is the plow 11 in the Blank patent mounted?

A. The plow 11 is mounted on a chain, which chain moves in the opposite direction of the belt, moving the plow along in the opposite direction.

Q. How many chains are employed?

A. There are two chains shown here, 10, I think it is. [94]

Q. Considering the Blank structure with the structure shown by Ernst in Plaintiff's Exhibit 1, what does the Ernst device employ in place of the plow 11?

A. It employs a shear plate, as termed in his patent.

Q. Do you consider the shear plate and plow equivalent?

A. Yes, they are both doing the same work. One is termed plow and the other is a shear plate.

Q. As a man experienced in the art, if you were to take the Blank structure, for the purpose of diverting crackers, what would you normally substitute for the plow 11?

A. I would use the shearer, as it is termed.

Q. Do you find anything in the Blank patent

(Testimony of J. Walker Glenn.)

that is comparable to the rods Ernst employs to mount his shearer plate?

A. The chains connected with the so-called plow are on either side of the belt, and run parallel to the belt.

Q. What commodity is the Blank device intended to handle?

A. This states here "cracker conveyor and distributor."

Q. Do you consider the handling of crackers, and their diversion, and having an endless conveyor, similar to the handling of potatoes? [95]

A. That endless conveyor will handle most any product that can be diverted off of the belt.

Q. In view of your experience in the field, if you had the Blank patent before you and adapted that for shearing potatoes on an endless conveyor, might that structure closely approximate the Ernst structure? A. It could, in my opinion.

Q. The second patent is that to Norkewitz, No. 860,936. That is a reference to Plaintiff's Exhibit No. 1. Will you point out very briefly any structure in that patent that you consider significant.

A. In this patent that you have just referred to, there are the shear plates—frankly, I built a machine very similar to this many years ago—where the products are taken off at intervals, with long extending arms, or plates or shears, to force the article off, in different positions.

Q. What is the Norkewitz device adapted to handle? A. It is a bottle-carrier.

(Testimony of J. Walker Glenn.)

Q. Would you consider the employment of the arms 33 and 34, to divert bottles, analogous or similar to the arms to divert potatoes?

A. Identically the same structure has been used on potatoes for a long time.

Q. For how long? [96]

A. I built a machine similar to that in 1929.

The Court: Are you still talking about the Blank patent?

Mr. Worrel: No. We are on the Norkewitz patent, the second of the two patents.

Q. Was this machine that you constructed in 1929, which employed shearer arms similar to 33 and 34, used publicly? A. Yes.

Q. The third patent, which we wish you to consider briefly, is the patent to Nielsen, No. 869,725, a package feeding machine, which patent was issued in 1907. This patent was a reference to the Ernst patent in suit. We can skip it and merely call the Court's attention to it. It was a reference cited by the patent office in both of the Ernst patents in suit.

The patent to Cunningham, issued in 1907, is one of those previously pointed out to be, I believe, quite significant. Mr. Glenn, would you briefly point out to the court any structure in the Cunningham patent, which is probably best shown in Fig. 1, which would be significant for your consideration.

A. You have two tracks, running parallel to the belt, which runs below a framework of the carrier. The shear plate is mounted on rollers—— [97]

(Testimony of J. Walker Glenn.)

The Court: What is the number?

A. Figure 1, Cunningham.

The Court: What do you designate as the shear plate?

A. The shear plate is No. 47 in Figure 2, which shows it a little more plainly in an oblique position, and up above the shear plate is shown as 47—the two figures 47 and 75 are shown and a dotted line.

Q. On what is the shear plate mounted, Mr. Glenn?

A. The shear plate is connected——

Q. Can you give the general structure. I don't mean in precise detail.

A. The shear plate is connected onto the carrier above, which is movable on tracks above. There is a wheel shown as No. 10.

Q. The carrier is supported on wheels 10?

A. Yes.

Q. Those wheels roll on track 9?

A. That is correct.

Q. What relationship do those tracks 9 bear to the endless conveyor 4?

A. They run parallel to the conveyor.

Q. What is the movement made with the shear plate 47, relative to the track? Does it run across the track, longitudinally, or what?

A. The shear plate runs longitudinally with the track.

Q. Is there a structure provided in Cunningham

(Testimony of J. Walker Glenn.)

for locking the carrier in place, to hold the shear plate in a downward location?

A. Yes. The specification in the patent shows that the wheel 60, and the shaft 59—the shaft is connected to a block or brake. That can be locked, I believe, to hold it in position. The plate is designated as 63.

Q. Do you find any sleeves in the Cunningham patent for mounting the shear plate?

A. It would appear that No. 46 is a bar, connected to the flange, which in turn is bolted to—according to this it looks like a bolt—bolted to the carrier, and the plate is fastened to the plank, which is shown in the lower figure on the same page.

Q. For what purpose is that mounting employed?

A. It is for the purpose of deflecting the product that passes over the belt, to the side.

Q. What effect does it have specifically on the shear plate?

A. The shear plate is held in position by this bar and rod.

Q. Is it an adjustable or a fixed position?

A. No, according to the specification it states that the shear plate may be moved and lowered. It may have [99] an adjustment, which changes the bar to an oblique position, or it might go straight, or at right angles more.

Mr. Worrel: The patent to Cowley, No. 1,225,586, was a patent office reference in Exhibit 1.

The Court: You are not skipping any?

(Testimony of J. Walker Glenn.)

Mr. Worrel: I am going to skip this. This is merely cited to show the shear plate.

Q. The patent to Helenbolt, No. 1,338,729, I deem quite significant, in consideration of the plaintiff's patent, Plaintiff's Exhibit No. 1. In the Helenbolt patent do you find a shear plate?

A. Yes.

Q. Can you find what the designating number is?

A. Fig. 4,28.

Q. That shows a shear plate mounted above an endless traveling belt? A. Yes.

Q. What is the shear plate mounted on?

A. On a wire drawn tightly, and eyelets that are connected to the wire, with a tension, and another wire connected to the shear plate, in order to stop along the belt at any intervals named.

Q. Directing your attention to the wire 30, to which you refer, how many of those are employed to mount the shear plate? [100]

A. There are apparently two here.

Q. Do you want to check that answer.

A. The wire 30 here, and 30 there, on the opposite side. There must be two, one on each side. That is in figure 2. It shows 30, here, and 30 on the opposite side.

Q. What does the Ernst device employ in place of the wire 30?

A. It would use a rod or bar in place of the wire.

(Testimony of J. Walker Glenn.)

Q. As a mechanic in this field, do you consider there is a distinction between a rod and a wire?

A. A rod is a little heavier than a wire, whereas, if the wire is drawn taught, it can be used as a rod.

Q. Is the shear plate slideable on the wire 30?

A. Yes.

Q. Is there a means for locking it in place?

A. Yes, the shear plate is caused to move backward and forward above the belt, by a wire or cable No. 33.

Q. What type of material is the Helenbolt device adapted for or used in connection with?

A. I think it states apples and oranges. However, I have seen a machine quite similar to this used in the Salinas section many years ago, for apples.

Q. Is it suitable for use in the sacking of potatoes, or the diverting of potatoes, with an endless carrier?

A. That can be used. [101]

Q. Without any material alteration?

A. The only alteration is in substituting the sack holder for the bins at the side.

Q. The next patent to True, No. 1,369,502, is a reference. Mr. Glenn, directing your attention to Figure 7 of the True patent, what is the element represented at 36?

A. Will you repeat that, please?

(Question read by the reporter.)

A. That is a deflector or shear plate.

(Testimony of J. Walker Glenn.)

Q. Is it mounted above an endless traveling belt? A. That's right.

Q. How is it mounted?

A. On bars or rails, designated as No. 8.

Q. How is that connection of the shear plate to the rails effected?

A. It is fastened, according to the specification here, as I recall—it is fastened on brackets.

Q. Are those brackets movable?

A. I believe that it states that the brackets are placed at intervals, and are moved into different positions.

Mr. Worrel: The patent to Macbeth, is a patent which was discovered on search. We are not going to refer to it in specific detail.

The patent to McBride, No. 1,504,894, was cited by [102] the patent office, in connection with patent No. 2,288,159, and we probably can omit the same.

The patent to Carpenter, No. 1,532,228, is also a file wrapper reference in the patent to Ernst No. 2,288,159.

Mr. Glenn, would you direct your attention briefly to Fig. 3 of the patent to Carpenter? A. Yes.

Q. What is the element indicated at 6?

A. That is a shear plate.

Q. Is it mounted above an endless traveling carrier? A. That's right.

Q. Is it suitable for deflecting potatoes?

A. It can be used, yes, to deflect potatoes.

Q. The patent to Paisley, No. 1,818,427, is a

(Testimony of J. Walker Glenn.)

patent which was not considered by the patent office in the prosecution of any of the Ernst patents. What in this Paisley patent do you find similar, if anything, to the Ernst structure?

A. In Fig. 3 it shows the plow No. 30—I believe it is indicated as 30.

Q. I believe that is right.

A. Yes. I see another mention in Figure 1, 30.

Q. Is that plow, or shearer device mounted above an endless traveling belt?

A. Yes. [103]

Q. Is it mounted for a sliding movement longitudinally of the belt?

A. It is.

Q. How is that mounting effected?

A. There are rails on either side, and a plate, with the ends turned down to the outer side of the frame, the ends being No. 27. And upon the carrier passes a plow or deflector in a central point, so as to be able to give adjustment to the plow.

Q. What significance does that adjustment have, to move about the point 29?

A. The plow is directly pointed down the middle of the conveyor. That may be turned so as to have the point of the plow directed to either the left or right-hand side, whichever the case may require.

Q. In your opinion, is this suitable to use in the diverting of potatoes?

A. It could be.

Q. Would you consider it an analogous structure if you substituted a plate for the so-called plow?

A. Substantially it is a plate.

Q. Could that plate or plow be so positioned as

(Testimony of J. Walker Glenn.)

to divert materials to one side of the endless traveling belt? A. Definitely.

Q. The succeeding patent is a reference in the Ernst [104] patent relative to the shear plate—that to Vosler et al. To expedite the matter, we will not consider in detail, except to point to the fact that shear plate 48 is positioned longitudinally to the endless traveling belt.

Mr. Glenn, having considered and studied the patents carefully, and having studied the Ernst patents carefully, and in view of your knowledge of what has been done in the potato processing art, would you please tell the Court what contribution you feel Mr. Ernst has made to the art?

A. Frankly speaking, I don't see anything that is new. It is merely using the same type of arrangement we have just discussed.

Q. Do you find, from the patents we have recently discussed, any one patent that you feel shows the essentials of the Ernst structure?

A. There are two or three. The last one I went over, Figure 5, shows that clearly.

Q. By the last one you are referring to the patent to Vosler, et al.? A. Vosler, et al.

Q. In what particular do you feel that shows all the essentials of the Ernst device?

A. Figure 5 is the best example. You have a conveyor belt. You have an angularly constructed block, which [105] would serve the same as a shear plate. You have a roller on one side, to allow the

(Testimony of J. Walker Glenn.)

carrier to move, and you have a notched carrier on the other side to position it; and you have a cable with a handle to move it from one end to the other.

The Court: There is no sacking device?

A. No, I do not see it. Presumably in Figure 4, the table has various deflectors or shearers. These shear plates or blocks are allowed to move downward, and allow produce to come to the end of the table, if desired.

Q. This patent is cited as being relevant to a consideration of the Ernst patent which relates to a belt conveyor rather than a packing device.

The Court: The first device provides for sacking, but does not provide for shaking or jiggling, as it describes it. It will be the reissue patent especially which constitutes the jiggling movement which enables the potatoes to settle in all the sacks at the same time, so as to have a more solid pack.

Mr. Worrel: At this point we wish to refer to the prior art patents, that are of particular consideration in the jiggling and sacking, in Plaintiff's No. 2. The patent to Fuerste, No. 420,049, issued in 1890, was not cited by the patent office in the prosecution of any of the Ernst patents in question. Will you state to the court what [106] structures it is significant of?

A. You have a frame, on which rods are hung, which allows, as designated in the patent, the crate-head to swing as a pendulum, and at the opposite end, it is hung so the crate, as it is designated in the

(Testimony of J. Walker Glenn.)

patent drawing, may also swing back and forth as the pendulum.

Q. Specifically do you see anything in Fig. 1 of the Fuerste patent which is similar to the suspension links 23 of the Ernst patent?

A. Yes, the rods 11 and 12, would be used in the same method as the straps 23.

Q. You referred a moment ago to the crate-heads. Are the crate-heads and crate interconnected in the operation of the Fuerste device?

A. Yes, the crate-head and head are located together.

Q. Do you see any similarity in the movement permitted by this element, and the movement of the Ernst jigger board?

A. No, it is operated in the same manner.

Q. How is it different?

A. It is different, with the crank, the crank shaft D, with the connecting rod and can be turned as a pitman, connected to the crate-head and to the crank at opposite ends.

Q. Where is the pitman connected to the crate assembly? [107]

A. At the lower portion.

The Court: Indicated by the number——

A. 35, with a line.

Q. On what figure? A. Figure 1.

The Court: On the side?

A. On the left-hand side.

Q. (By Mr. Worrel): You meant the right-hand side?

(Testimony of J. Walker Glenn.)

A. The right-hand side. I beg your pardon.

Q. Is there a supporting platform employed in the Fuerste device?

A. The crate-head and crate, when taken together, would form a unit.

Q. What is the Fuerste device used for?

A. It is a churn.

Q. Would you consider the vibrating of the crates analogous to the vibrating of sacks in 4 of the jigger platform?

A. It gives the same action and result.

Q. As a mechanic in the field, would you have any difficulty in reconstructing or modifying the Fuerste device for sacking potatoes?

A. No; if I saw this machine I would merely place a board across the lower portion, substituting the crate-head and crank on which to fit the bag. The means would be [108] the same.

Q. The second patent relative to Plaintiff's Exhibit 2 is the patent to Buschman, No. 435,681, which was not cited by the patent office or considered, and which is perhaps significant as showing a pitman. We are not going to take up time with this. It relates to photographic equipment, but is provided as significant in designating the art and what has been done in a vibrating patent.

The Bates patent No. 643,102, obtained in 1890, is cited by the patent office in connection with the earlier of the two Ernst patents. Directing your

(Testimony of J. Walker Glenn.)

attention to Fig. 2, do you find in Fig. 2 a sack supporting platform?

A. Yes, that is designated as No. 23.

Q. Is that platform mounted for reciprocal elevational movement? A. Yes.

The Court: Which figure?

Mr. Worrel: Figure 2, your Honor. Is that platform 23 mounted for vertical movement only, or vertical and horizontal movement?

A. It is mounted for vertical movement.

Q. Is that platform mechanically jiggered?

A. Yes, it has a push rod No. 20, shown in Figure 1, and a plate at the top shown in Figure 2. The plate, No. 34, and rod, are moved upward and downward, by the use [109] of a gear at the bottom that raises and lowers the roller, which roller is connected to the push rod.

Q. Confining your answer to the structure shown in Fig. 2, in your opinion is that suitable for the sacking of potatoes?

A. It could be applied to the sacking of potatoes, if upward and downward motions were desired.

Q. Is the jiggling motion usually up and down?

A. As I stated yesterday, up and down is better than back and forth.

Q. We now come to the patent to Bradbury, No. 826,988, which was not considered by the patent office in connection with the Ernst patent. I refer you to Fig. 1 of the Bradbury patent. Will you

(Testimony of J. Walker Glenn.)

briefly describe to the court what portion of the structure you deem significant?

A. At the upper portion of the structure you will find No. 101. There are three numbers—not that one—on the right-hand side, and going directly to the left, to No. 71, is the portion to which I will refer.

The Court: Is that 1 or 2?

A. No. 1.

The Court: What is the element shown at 72?

A. 72 is designated as a screen.

Q. How is that screen mounted?

A. The screen is hung on the hinges designated No. 71. [110]

Q. Do you find any difference between the hinges 71 in the Bradbury patent and the hinge 73 of the Ernst construction?

A. No, I don't.

Q. Is the screen, as you call it, No. 72, jiggered?

A. The screen is jiggered, or caused to work backward and forward by being connected with the pitman, designated as 100, and this pitman is connected to the end of the pan and screen, which are tied together, and the other end of the pitman is tied to the crank No. 101, and driven by the sprocket off of the shaft 87.

Q. And what is this screen adapted to handle or operate?

A. This is for the harvester, and the screen is for the grain.

Q. In your opinion, is the use of the device for

(Testimony of J. Walker Glenn.)

shaking or jostling of grain analogous to the device for potatoes?

A. This structure, although a portion of the harvester, is identical with the old hand screen shaker, which I referred to yesterday.

Q. That was the hand shaker in the potato device? A. Yes, sir.

Q. When that structure was used in handling potatoes, was a screen employed at 72? [111]

A. That's right.

Q. In common practice, was anything ever done to that screen to alter its character?

A. Yes, we sometimes would cover the screen, particularly if we were sorting onions. It was also used for the purpose—if we were dealing with onions, we would cover the screen with burlap sack so as not to lose the small onions through the screen. We were endeavoring to take out small and spoiled onions. Those which were undesirable were picked out, and dropped into a side sack.

Q. With the screen 72 modified as you have described, would that, in your opinion, constitute a platform? A. Yes.

Q. Were the sacks ever supported on the platform for jigger purposes, and used as a potato machine, to which you referred?

A. No, they were merely dumped on one end.

Q. What modification would be necessary in the element 72 to make it identical to the Ernst platform?

(Testimony of J. Walker Glenn.)

A. If the screen or particular portion we are speaking of were substituted for the plank, then it would be the same thing as Mr. Ernst has.

Q. On Mr. Ernst's platform are cleats 28, which designate the stations. In your own experience have you ever used, or have you seen used, cleats to designate [112] potato sacking stations?

A. Yes.

Q. When were such cleats first used?

A. We used cleats, designated in Mr. Ernst's patent as No. 28—we used them in the old days. The potatoes were dropped in the bag, and the cleats were nailed to the floor.

Q. From your knowledge of what has been done in the potato field, and the specific structures which you have told us about, which have been used in the potato field, what new has Mr. Ernst brought into the field by his patent No. 22,740?

A. I would say frankly nothing new. The action would be the same.

Q. We don't want to belabor the point. But in your opinion are most people involved in the construction and use of potato handling equipment familiar with what has been done in the harvester field?

A. I would imagine they would be. The harvesting of potatoes is generally done in and about the same place as grain is raised.

Q. The next patent to Mr. Keeran, No. 893,516,

(Testimony of J. Walker Glenn.)

was cited by the Patent Office and illustrates a form of sack jiggling mechanism.

The Broussard patent, No. 1,014,444, was not found by [113] the Patent Office, or considered in the prosecution of the Ernst patents. Referring to Figure 1 of the first of the Broussard patents, can you tell us briefly the purpose of the machine, Mr. Glenn?

A. The purpose of the machine is to rock the frames, shown on either side, on which frame is held a hand truck and on the hand truck is supported a sack.

Q. You refer to a frame. For the purpose of clarity identify it by number.

A. It is Cage No. 26, I believe.

Q. How many of those are found in the Broussard device? A. Two.

Q. Are they spaced? A. That's right.

Q. Are they supported?

A. Yes, they are supported at the top.

Q. The Ernst patent refers to an open central locus. Do you find any open central locus in this device?

A. You have the central portion, where the crank 65 is shown by the dotted lines on the figure. The pitman, 65, and the post or bar 63, are supported by two members, 61 and 62.

Q. Will you briefly describe the effect of the bar 63 on the sack holding platform, when 65 is motivated. [114]

(Testimony of J. Walker Glenn.)

A. The bar 62 moves upward, forward, and longitudinally, and causes the agitation or swinging motion of the part designated as 26.

Q. Would you consider that a major distinction between this patent and this of Ernst?

A. Yes, because the bars are connected to the base of the shaking device.

Q. Passing to Broussard's second patent No. 1,025,781, in Figure 2, there is a distinction pointed out from that in the first patent? A. Yes.

Q. How has it been accomplished?

A. The bar referred to in the first patent, which is designated as 3, has been substituted for the bar designated as 37, and a turned down portion of the bar No. 38. This portion of the bar 38 is connected to a plate or a bearing, and is bolted or fastened to the platform, and No. 38 projects through the plate or bearing, tying them together.

Q. How many platforms are shown in Broussard No. 2? A. Two.

Q. Is there an open central locus? A. Yes.

Q. Are the platforms jiggered by the use of a pitman? A. Yes.

Q. Where is that connected? [115]

A. The pitman is connected to the bar 33, which in turn is connected to the bar 37, and that portion of the bar 37 designated as 38 is connected to the platform.

(Testimony of J. Walker Glenn.)

Q. What relationship does the bar 37 have to the open central locus?

A. It is at the open central locus.

Q. Is pitman 32 connected to the platforms at the open central locus? A. That is right.

Q. The patent to Stehlin, No. 1,191,243, is also significant, but only in certain specific details. In Fig. 2 do you find a bag supporting platform?

A. Yes. In this particular instance the bag is hung from the framework connected to the base 23.

Q. What are the elements 80 that you find on the platform 23?

A. We have two angle irons which would support either side of the sack when hung onto that brace.

Q. Would you point out in the Ernst patent where the elements are that are equivalent to these angle brackets 80?

A. That would be the frame 31, which is marked, that particular portion of portions designated by the number 31 on the right-hand side directly at right angle to the platform. [116]

Q. These elements 80 in the Stehlin patent, shown in Fig. 2, mounted on the platform, do they contact the sack shown on the platform?

A. Presumably, because there is a dotted line when the sack is on the base.

Q. Will you refer to the specifications on page 3, column 2, line 82? Will you kindly read the sentence beginning on line 82?

(Testimony of J. Walker Glenn.)

A. "Means for preventing relative movement between the bag and the platform on which it stands are provided, and such means may comprise angle bars 80, 80 extending across the platform 23 in the front to back direction."

Q. As a man skilled in this field, do you consider these bars 80 equivalent to the Ernst cleat 28?

A. Yes, they would accomplish the same purpose.

Q. In the Stehlin platform, containing the cleats——

A. May I see that?

Q. Yes.

A. Did I understand you to say the cleat 28?

Q. The cleat 28 of Ernst shown in Fig. 1.

A. I would say that this angle iron on either side would accomplish the same purpose as the element 31.

Q. Is the platform 23 of Stehlin jiggered?

A. In this particular instance this platform moves [117] directly parallel to the track. There is no upward or downward motion to the carrier.

Q. What drives it?

A. It is driven with a crank, to which is connected a pitman, and the opposite end of the pitman is connected to the end of the platform.

Q. Would you see any difference in the operation if the pitman were connected to the end of the platform?

A. None whatever.

Q. The Sargent patent is on a washing-machine, and was deemed significant because of the supporting links 10 and the pitman.

(Testimony of J. Walker Glenn.)

The Williams patent, No. 1,640,103 is also a file jacket reference, showing a sack jigger for grain.

The Shaler patent, No. 1,924,202, is a sack packer, also cited by the Patent Office, and significant as showing the frame in Fig. 2.

We come then to the Naehrer patent, No. 1,719,124, which was not considered by the Patent Office, and which is submitted as one extremely important to the present consideration.

Mr. Glenn, directing your attention to Figure 2 of that patent, is there a bag supporting platform?

A. There are two stations. There is a platform, as shown in the drawing, and two stations. [118]

Q. Are those stations designated?

A. Yes, on No. 2.

Q. Are those stations interconnected in any manner?

A. Yes, they are connected with the frame No. 10.

Q. Is there an open central portion between the platform 12? A. Yes.

Q. Is this platform mounted for an oscillatory or jiggling motion? A. Yes.

Q. Is this device, then, in your opinion, operable? A. I would say so.

Q. Have you ever seen a potato device compared to the Naehrer device?

A. I have seen a grain sacking device that operates on the same order.

Q. What was this grain device employed for?

(Testimony of J. Walker Glenn.)

A. For sacking rolled barley.

Q. And for the oscillating of the bags?

A. That's right.

Q. In your opinion there is no reason why this device could not operate? A. I see no reason.

Q. Then we come to the Erickson et al patent, the Nicolas device and the Anderson patent, which is the patent [119] shown as reference, all of which show the platform jiggled by means of a pitman.

The patent to Belcher et al also employs a jigger platform, which is motivated by a pitman.

The next patent is to Belcher, and was considered but was not cited by the Patent Office, and is I believe significant.

Mr. Glenn, referring to Fig. 1 of British Patent 397,679 to Belcher——

The Court: This was not cited.

Mr. Worrel: This was not cited by the Patent Office. Do you find a container platform in Fig. 1?

A. Yes, there is a container platform No. 11.

Q. Is that platform mounted for a jostling movement?

A. It shows here it is moved by rod connected below.

Q. Is the platform mounted for jostling?

A. Yes.

Q. What jostles the platform?

A. There is a connecting rod below the platform, and the pitman, and the connecting rod is connected to an eccentric.

(Testimony of J. Walker Glenn.)

Q. What numerals identify the pitman and connecting rod? A. 11 and 25.

Q. Where is it connected to the plate? [120]

A. About the center of the platform. That is No. 25; shows about the middle of the platform in Figure 1.

Q. And it is shown in greater detail in Fig. 5 at the right-hand side.

And the succeeding patent is the German patent to Wyngaert, No. 69,746, which is a device for the sacking of various materials, on which the bag is stuck on the side and jostled.

The next patent is the German patent to Steimel, No. 512,780, which shows a mechanism for the jostling of a sack, and it is for a means for packing the side of the sack as it is being filled.

I direct your attention to the Steimel patent, Mr. Glenn. Have you read the translation of the patent?

A. I have read a portion of it. I haven't gone into this one very thoroughly. It is rather complicated.

Q. Does it jostle the sack vertically?

A. It jostles them, in a sort of swinging motion.

Q. Would be it suitable for the settling of potatoes in the bag, in your opinion?

A. Yes, any machine that will agitate, will help to settle potatoes or any other article in the bag.

Q. I skipped the one to Erickson, No. 2,043,739.

The Court: Is that in the first or second group?

Mr. Worrel: In the second group. This is rather an [121] interesting patent.

(Testimony of J. Walker Glenn.)

The Court: Who does it follow in the list?

Mr. Worrel: DeBack. It is about midway in the second group. This patent was cited in the Patent Office action on the first of the two Ernst patents, but was not cited in the second of the Ernst patents, to which is it respectfully submitted it is more clearly anticipatory.

Refer to Figure 2 of the Erickson device. What element do we find at 24, which is a little below the center, Mr. Glenn. Can you tell us what element 24 designates?

A. That designates a pan with a funnel or piped-shaped opening at the end.

Q. Is that pan or table mounted for a jiggling movement?

A. The pan 24, and the pan 28, are presumably, according to the drawing, tied together so your connecting rod or pitman is fastened to the lower portion and close to the end of 28.

Q. How is the pan supported?

A. The pan is supported on brackets or straps, to which they are mounted at one end on a block at the base, and to the pan or screen 23 at the top. 23, 24 and 28, presumably are all tied together.

Q. This unit you refer to as being tied together, 24, 24-a and 28, are they mounted for unitary movement or motion [122] together?

A. Apparently they are. I can't see why they would be driven separately, unless there is another drive on the other side. It could be 24-a and 28 are

(Testimony of J. Walker Glenn.)

independent and driven with a different pitman.

Q. Whether they are moved individually, or together, what motivates them?

A. There is shown a crank and connecting rod, connecting 28 and 20.

The Court: This is not a sacking device. This is a sorting device, for mixing fruit and so forth.

Mr. Worrel: Yes. I was merely trying to demonstrate that this was a shaker and frame that was used in segregating the fruit, and is well known in the art, to which the patent relates, and shows a jostling and shaking device, which is almost an exact duplicate to the device under consideration.

(The Court here took an adjournment until 2:00 o'clock in the afternoon.) [123]

March 9, 1949, 2:00 P. M.

J. WALKER GLENN

having been previously duly sworn, resumed the stand and testified further as follows:

Direct Examination

(Continued)

By Mr. Worrel:

If your Honor please, I would like to direct one more question to Defendants' Exhibit F.

The Court: All right.

Q. Referring to the patent to Ernst Reissue 22,740, that patent relating to a sack jigger, Mr.

(Testimony of J. Walker Glenn.)

Glenn, will you kindly tell the Court in your opinion what contribution, if any, this patent to Ernst makes to the art?

A. As I stated before, in going over these other patents, I see no contribution. I also stated we have never applied the jiggling by mechanical means to the sacking of potatoes. However, of my own knowledge, I have seen machines operating in mills and warehouses which handle grain, and doing the same type of work in the jiggling and settling of grain in bags.

Q. I would like to call the witness' attention to Plaintiff's Exhibits 1, 2 and 3, in the written interrogatories, Plaintiff's Exhibit 5. Referring first to Exhibits 1 and 2 in the written interrogatories, will you describe [124] briefly the structure employed there in the machine manufactured by the Ideal Manufacturing Company?

A. In the drawing that I see here, or the picture, I should say, there is a rod, four rollers—two above and two below, the rollers being connected with four plates, two on each side and the plates connecting—the rod, rather, passing between the two upper and lower rollers.

Q. This structure or machine, which Mr. Day testified had been constructed and sold, but never used in this form, do you find a shear mounting to the shear plate?

A. No, there are four rollers.

Q. Directing your attention to Exhibit 3 of the

(Testimony of J. Walker Glenn.)

interrogatories, you will find there are two rollers in Exhibit 3, in different positions. How many platforms do you find? A. Two platforms.

Q. What drives the platform?

A. There is a bracket and shaft, with a crank, and two pitmans, one driving the end or table of one platform, and the other connected to the end of the opposite platform.

Q. In your judgment why are two pitmans employed instead of one, in Exhibit 3?

A. If one pitman is disconnected, the one on which the pitman is disconnected would stop functioning.

Q. Are the platforms you refer to in Exhibit 3, individually mounted? [125]

A. Yes; I see no connection other than the pitman.

Q. May we have Plaintiff's Exhibit 11-A, B and C, and 12-A and 12-B. Referring to Plaintiff's Exhibit 11-A, how many platforms are employed?

A. That looks like two platforms.

Q. Are they individually suspended?

A. I am not able to see the other end, but from the appearance of the structure, I would say that they are independently suspended.

Q. Is there an interconnection of the platform?

A. Yes, there is a board—it looks like probably a 2 x 4 or 2 x 6—fastened to each end of the two platforms.

(Testimony of J. Walker Glenn.)

Q. Is there any different connection made to the platforms in 11-A?

A. If there is, I can't find it. I don't see it. I see a shaft here, but no apparent connection.

Q. Are you referring to the shaft that mounts the lower sprocket? A. That is correct.

Q. Is that connected to the platforms in any way? A. It does not appear to be.

Q. On Exhibit 11-B is there a shear plate mounted above an endless traveling belt?

A. Yes, there is.

Q. How is that shear plate mounted? [126]

A. It is mounted on the carrier that we just discussed, and as nearly as I can see, a roller, or board, or plate in the back.

Q. Are there any sleeves employed to mount the shear plate? A. I don't see any.

Q. Do you detect any latch device to lock the shear plate into position?

A. There is a latch, presumably here. That is clamped together, and along the board or plate there seems to be a piece welded, as a catch.

Q. In Plaintiff's Exhibit 11-C, is there shown a jiggling platform?

A. You can see only a very small portion of it.

Q. What portion? A. The end portion.

Q. Is there a pitman connected in driving relation to that platform?

A. That can be termed a pitman. There is a long channel iron, as it appears, from either pitman

(Testimony of J. Walker Glenn.)

or eccentric connected to the extreme right end, and connected to a cross rod or board in the foreground of the picture.

Q. Is that pitman connected to the platform?

A. No, it is connected presumably to a 4 x 4.

Q. Is that member you refer to as a 4 x 4, connected [127] to the platform?

A. That is connected with a bearing on the end of the platform.

Q. Where is the connection made to the platform?

A. On the end, and slightly off center, it appears to me.

Q. Referring to Plaintiff's Exhibit 12-A, how many platforms are shown on that machine?

A. That looks like two platforms.

Q. Is there a pitman connected to one or the other of the platforms?

A. This is not very clear, from the picture. I wouldn't want to pass judgment.

Q. Looking at the near end of the picture, in 12-A, do you see any platform connected to anything?

A. There is a sprocket, and I see a chain opposite, and I see a bearing mounted at the end—apparently a round piece—I can't tell what it is connected to.

Q. That last piece you refer to is adjacent what portion of the platform?

A. The end of the platform.

(Testimony of J. Walker Glenn.)

Q. Refer briefly to Defendants' Exhibits A and C, which relate to the same machine. How many platforms do you find on that machine?

A. Well, I find in A two platforms. [128]

Q. Pardon me. I was in error. Let us confine ourselves to A. Two platforms, in Exhibit A?

A. Yes.

Q. Are they rigidly connected?

A. There is a board or plank; not a plank, it is a 2 x 4 or a 4 x 4, on either end of the platform.

Q. Are those platforms supported for the jiggling movement?

A. The platforms are independently hung.

Q. Do you detect, on Plaintiff's Exhibit A, any picture of a jiggling mechanism?

A. No, I don't see any.

Q. Referring to Defendants' Exhibit C, how many platforms are employed?

A. According to this photograph, I would say one.

Q. Is that single platform supported for a jiggling movement?

A. Yes, apparently.

Q. Is there any means connected to the several stations of the platform for driving it?

A. No.

Q. Is there a pitman connected on the end part of the platform that you can detect?

A. I don't see any.

Q. Referring to Defendants' Exhibit D, Defendants' [129] Exhibit D, refers to a structure as

(Testimony of J. Walker Glenn.)

identified by Mr. Day's testimony, produced under the license for Mr. Biloff, do you find a shear plate in that device? A. Yes.

Q. How is that shear plate supported?

A. It appears to be a trackage there.

Q. Do you see any rollers in that photograph?

A. Yes, there are two rollers there.

Q. Do you see any sleeves in the machine shown in Exhibit D for mounting the shear plate?

A. No, I don't.

Q. Is there a latch structure shown?

A. I presume that that shown in the middle is intended for a latch—in the middle of the shear plate.

Q. What structure do you refer to?

A. The structure that holds the shear plate, and just directly above the shear plate, in approximately the center of the shear plate there appears to be a handle, as I can see it. It looks like a sleeve, and has a rod, that operates as a handle.

Mr. Worrel: That is all of the direct examination.

Cross-Examination

By Mr. Franklin:

Q. You say you took out a patent on a potato washing machine? [130] A. That is correct.

Q. And that is all that it did, wash potatoes?

A. That is all that we took a patent out on.

Q. It had nothing to do with putting potatoes in a bag?

(Testimony of J. Walker Glenn.)

A. We had necessarily the rest of the machinery which goes with it. We employed the rest of the machine, but it was not patented.

Q. The rest of the machine was not patented?

A. No, no patent was applied for on it. It was an old art.

Q. Your patent was on the washing machine?

A. On the washing machine.

Q. Did you have the patent with him?

A. No, I sold out to Mr. Swab a few years ago. I have forgotten the year, I sold out to Mr. Swab, but I sold him my interest in the washer.

Q. Do you know the number of the patent?

A. I really don't. It is of record.

Q. Can you get it for us?

A. I can get it, yes.

The Court: I don't see that we are interested in the particular patent. It is not in evidence.

Q. (By Mr. Franklin): Have you been active in the potato business since 1939? [131]

A. Yes I was, to about six years ago, then I started in the real estate business.

Q. Six years ago? A. Yes.

Q. Prior to that time.

A. I was in the potato business.

Q. Did you have anything to do with machines for sacking potatoes?

A. Yes, during the time I was in the potato business, while Mr. Swab and I were partners, we were manufacturing this machine, a sacking and a

(Testimony of J. Walker Glenn.)

screen grader and an endless conveyor belt; and after Mr. Swab and I dissolved partnership I continued in the produce business, and two of the machines we built, I had them there in a warehouse in Edison for some time.

Q. What was the construction of this machine that you say that you built? What were they like?

A. They were driven by motors, and the first machines were with a flat belt. We used a V-belt in the other machine. We used chains and sprockets. We had them equipped with sack holders, and it was a complete unit for the handling of potatoes.

Q. When did you see one of the Ernst machines for the sacking of potatoes, like the patent in suit here?

A. I have never seen Mr. Ernst's machine, other than [132] reading the patent and patents applied for; I have never seen Mr. Ernst's machine in operation to my knowledge.

Q. Neither of them, the two patents?

A. No. I might continue and say that I always owned and operated, during my time, one of the machines that we had built. I have seen some of the other machines, but I have never made myself conspicuous by delving into them. I was satisfied with my own. I haven't gone into the sheds in Shafter or Bakersfield for some little time.

Q. Taking the machine that you built, were the potato bags jiggled?

A. No, we had never applied the jiggling of

(Testimony of J. Walker Glenn.)

potatoes other than manually. However, I had seen a jigglor or jigglers used in the warehouses and mills, where they are sacking, and putting in grain and other articles—the General Mills, and such.

Q. What movement did the jigger board have—a horizontal back and forth movement, or a vertical up and down movement?

A. The particular one I had in mind was in the Delta warehouse, in Stockton; it was formerly the C. N. and I. warehouse, and that machine or a similar one was in use many years ago. I don't know that that was the exact machine, but the gentleman that showed me the machine said that it had been used many years to his knowledge. It is run on an eccentric, therefore giving a forward and backward end motion of the board and laterally and upward. In other words, it worked in this manner: It was mounted so that there was more or less of a rotary motion, forward and backward, and up and down.

Q. That was a long time ago?

A. Yes. That particular machine looked to be at least 15 years ago; I have seen a similar machine in the C. N. and I. Company. That is a steamboat company. My father was manager of the steamship company, and owned this warehouse.

Q. Do you know who manufactured that machine?

A. No. I don't think there was a number on it. It was a very simple device.

Q. Was that an automatic machine?

(Testimony of J. Walker Glenn.)

A. An automatic jigger, operated by a motor, pulley, and belt.

Q. How many bags were on the jigger board?

A. On this particular one there was one bag. I have seen them in multiples.

Q. You don't know of any of these machines in operation today?

A. Yes, that is in operation.

Q. Where?

A. At the Delta warehouse, in Stockton. [134]

Q. Do you know the length of the upward stroke of the jigger board of this machine?

A. Well I would say the offset of that roughly is about—oh, it is not over at the outside, I would say, an inch. The lateral stroke would naturally be twice that, and the upward and downward stroke would be the same.

Q. It had an inch stroke in each direction?

A. It was an offset of the cam. That would be an inch up and an inch down.

Q. Do you know the length of the hangers on the Ernst machine, on which the jigger board is suspended?

A. No, I don't.

Q. Do you know the length of the links on which the jigger board of the Ideal machine is suspended?

A. No. Apparently, from the picture and drawings of Mr. Ernst's machine, the links are longer on this than this one, I would just presume, from the location of the drawings and the picture.

Q. We have some potatoes here, and part of a

(Testimony of J. Walker Glenn.)

jigger board. Would you care to give us an illustration of what happens when it is moved vertically and horizontally.

Mr. Huebner: I don't think a demonstration on a piece of plywood board they have bought in here is significant of anything.

Mr. Franklin: To show what happens when you move it [135] vertically.

The Court: I don't think that would indicate anything.

Mr. Franklin: The only reason that I had for using this equipment was to show the difference in movement between the horizontal and vertical movement, to show what happens to the potatoes.

The Witness: Maybe, I am not supposed to be talking in an informal manner——

The Court: Go ahead; it's all right, if you want to demonstrate. If you can make the demonstration.

Mr. Franklin: He can move the board up and down and then move it sideways.

The Court: I can take judicial notice of the fact that if you take a board and move it up and down, the potato is going to jump like a jumping bean, and if you move it sideways it will fall off.

Mr. Franklin: That is all right, if you take judicial notice of it.

Q. Suppose you have this on a popcorn shaker and wire basket. When you shake this how do you shake that, vertically and horizontally?

A. Not having been a popcorn man, or having

(Testimony of J. Walker Glenn.)

made a popcorn shaker, I wouldn't know how that works.

Q. Wouldn't you say that you would shake it horizontally? [136]

A. No, I couldn't say that.

Q. Now I believe in the prior art you started with the Blank patent. You remember you testified about the Blank patent? A. Yes.

Q. This part, which you call the shearer—is it 11? A. Yes.

Q. That is mounted on an endless chain?

A. On two chains.

Q. The two chains move in unison?

A. That is correct.

Q. That is continually moving with the chains?

A. Yes.

Q. It goes in an opposite direction to the conveyors? A. That's right.

Q. As the cracker is introduced from one end, the shearer, 11, comes in an opposite direction?

A. Yes.

Q. And throws the crackers on both sides?

A. Drops on both sides.

Q. That is a continuous movement?

A. Yes.

Q. And not an intermittent movement?

A. It does not have to be driven. [137]

Q. Is that described in the patent?

A. They describe it as being driven. You will notice that there is a connection that drives the con-

(Testimony of J. Walker Glenn.)

veyor belt, and one that drives this, up here. You disconnect the chain from the conveyor belt, and your shearer remains stationary; that is all. It is moved by hand.

Q. Does the patent say you do that? Is that expressed in the patent?

A. No; I am just using my ingenuity.

Q. That is the Blank patent, No. 805,625. Now we will take the Helenbolt patent, No. 1,338,729. What is called the shearer I suppose is one of these blocks 28, is that right?

A. Yes, I believe it is—yes, 28 would be the shearer.

Q. Now, how are they supported?

A. The shearer?

Q. Yes.

A. The shearer is supported on a wire.

Q. The wire 30? A. 30.

Q. What holds it, a bearing or loops 29?

A. It calls them eyelets. In other words, the wire passes through it.

Q. These eyelets slide along the wire? [138]

A. That's right.

Q. That is only at one side of the block, is it not?

A. When I testified this morning I did not know, but I looked here and it showed 30, probably at one side, because the block is made in a V-shape, and travels along a back board, which would keep it from the potatoes.

Q. You said the wire 30, would lead to the conveyor belt?

(Testimony of J. Walker Glenn.)

A. Yes, it could lead to the conveyor belt. There would be no objection to that.

Q. That block rides rather freely on the rod, does it not? A. That's right.

Q. How is it moved along the conveyor belt?

A. It is moved by the cable 33 in Figure 5.

Q. Is the cable 33 connected on a block at one end?

A. Yes, more or less in the central portion, as shown here.

Q. This cable goes over pulleys?

A. That's right, as shown in Figure 1, and also Figures 4 and 5.

Q. And they are wrapped around the pulleys 35?

A. That's right.

Q. Up at the top?

A. Yes, sir, the pulleys 35 are apparently for keeping [139] the wire taught.

Q. Which wire?

A. The wire which moves the shear plate.

Q. 33? A. The wire 33.

Q. The pulleys on the shaft 36? The pulleys 35 are on the shaft 36?

A. That's right. The ones I just mentioned are presumably for keeping the wire taught. The other pulleys are designated 34, at the end.

Q. What do you say to this statement on page 2, line 10:

"The shafts 36 of the intermediate pulleys 35 of both belts are arranged close together and adapted

(Testimony of J. Walker Glenn.)

to be turned by cranks in either direction so that an operator standing at this one point and overseeing the work at the table may conveniently operate one or both and carry any of the deflector blocks to any desired point in rear of the table."

Doesn't that indicate that you have cranks to wind the wires 33, to move the shearer or deflector block along the conveyor?

A. Yes. I have seen them moved when they did not have cranks. [140]

Q. Yes, I suppose you could leave off a lot of things.

A. No. I am not endeavoring to do that. I am just saying that a crank is a more convenient means. The crank would undoubtedly have to be put on one of the shafts, that hold one of the pulleys.

Q. Do you see one on this?

A. Yes, it looks like a crank, and I think they are No. 36.

Q. There is no number.

A. I see no number. Presumably that is what they are.

Q. This is a sorting apparatus. That is the title of the invention. Is that used for the bagging of potatoes?

A. It is used to deflect oranges or apples or such. I have seen them in operation. They generally have a canvas on there, so it won't bruise the article.

(Testimony of J. Walker Glenn.)

Q. There is a cushion 17. When they fall they go onto the cushion 17? A. Yes.

Q. They come off onto these screens here?

A. I did not read that far in the patent, but I have seen similar ones, and they were not used as screens. It depends on the product. I would not want to roll a peach over a rough screen.

Q. It deflects the apples on the screen? [141]

A. Onto tables.

Q. Then the operator takes his culls, and puts them on the outside? A. Yes.

Q. And the good apples he takes by hand and puts in bags? A. Into containers.

Q. And that is the application he gives to the machine? A. Yes.

Q. We will take the Cunningham patent, No. 873,991. I don't know the exhibit number of that.

The Court: It will be known as the number you have given.

Q. (By Mr. Franklin): This angle plate, designated as No. 47, that is what you consider a shearer?

A. Yes. That deflects the material off of the belt or conveyor.

Q. That shearer, how is it mounted?

A. It is mounted here to this portion here, with an adjustment on it, to turn it at different angles.

Q. It is pivotly connected at one end, to be swung around an arc, is it? A. That is right.

Q. But is not connected at the other end at all?

A. No.

(Testimony of J. Walker Glenn.)

Q. This other end is free.

A. That's right.

Q. What is the range of operation of the plate 47, on the conveyor belt, indicated by 64?

A. Well, 64, up here, is your belt, but down here it takes in the entire distance across the face of the belt.

Q. The range, longitudinally of the belt, can that be operated at any point on the belt, where the belt is flat?

A. That's right.

Q. It has a very narrow range of movement.

A. Having no dimensions, I have no way of guessing what that distance is.

Q. I suppose you have read this patent.

A. Not to any great extent. I have looked at them as a person having had some experience with machinery, and having helped to build some machinery. That is as far as I go.

Q. Supposing that belt was concaved, downward, transversely. Would the shearer operate?

A. Not unless the shearer were made the same way as the belt, and would follow the contour of the belt, it would.

Q. That shearer has flat edges, has it not?

A. Yes. [143]

Q. It does not show anything else?

A. No.

Q. That belt is concave transversely downwardly from the roller 75 on the left to the roller 76 to the right, is that right?

A. No.

Q. The rollers are 67 and 68.

(Testimony of J. Walker Glenn.)

A. Here is the roller 36. That was apparently a straight roller. You see, you have the roller 36 here.

Q. Yes.

A. You have the roller 36 here, in my interpretation, and this is 36 here.

Q. 36 and 37?

A. Yes. Your belt is flat at that place. You asked me how long that was. I don't know.

Q. Beyond those rollers 36 and 37, the belt is concave, on conical rollers? A. Yes.

Q. So a shearer with a straight edge could not operate on the belt as shown in the patent. —Take the True patent, No. 1,369,502. Here we have a plate 36, extending obliquely across two belts 4, and 38. The plate extends to the bracket at the end.

A. That's right.

Q. These parts indicated as 37, at the end of the [144] plate 36, are designated as brackets in the patent.

A. As I recall, they won't need brackets. This shearer is not movable, only by manual handling from one place to another. It does not slide.

Q. Is it your understanding that these brackets are fastened to the upper edge of the frame?

A. That is what I gather from the information here. I wouldn't say that these brackets are slideable.

Q. The patent doesn't say that.

(Testimony of J. Walker Glenn.)

A. Reading the patent it says these brackets are in a fixed position.

Q. You could not slide them on the frame?

A. I think you will find my prior testimony referred to that.

Q. We will take the patent to McBride, No. 1,504,894. What does this patent show?

Mr. Huebner: Is that to McBride?

Mr. Franklin: Yes.

The Witness: I did not testify to that. If you would care to have me, I will comment on it.

Mr. Huebner: We don't have any serious objection to prolonging the testimony, but technically, it is not cross examination.

The Court: Counsel, he did not testify to that.

(The Court here took a short recess.) [145]

J. WALKER GLENN,

resumed the stand and testified further as follows:

Cross-Examination

(Continued)

By Mr. Franklin:

Q. A jigger board that had movement of only one sixteenth of an inch upward and downward, would you say that would be a sufficient movement to settle potatoes in a sack?

A. I don't believe I am qualified to give you an answer on that. I have never experimented with

(Testimony of J. Walker Glenn.)

that. As I have mentioned, in the one I have seen, I did not take the dimensions of the offset of the cam. That machine was doing a very good job, and therefore I would have to measure before I could give a definite answer.

Q. Have you any idea what the movement was?

A. Yes. I told you I thought the cam was off-set about an inch.

Q. In the Carpenter patent, No. 1,532,228, it is a beam which is indicated 6, extending completely across the conveyor.

A. If I might say, I don't think we discussed that to any extent.

Q. I won't cross examine to any extent. Just one question: The ends of that beam are stationary, aren't they?

A. That beam, after reading a portion of it,—the beam is fixed in a set position and is not movable. [146]

Q. Except possibly up and down?

A. Yes. In Fig. 2 it has a screw type head, and is movable upwardly and downwardly. This can be used as a press.

Q. It could not be moved longitudinally along there?

A. To my knowledge, I would say it looks stationary.

Q. Patent to Paisley, No. 1,818,427, this patent states that it is "Apparatus for Loading Mine Cars." I should judge that that loads ore.

(Testimony of J. Walker Glenn.)

A. I would presume that it would load anything that you would want to put in there.

Q. It says that the cars are loaded with coal or other material.

A. That's right. In this particular instance it is coal.

Q. It would be mine production, whether it is coal or mine ore?

A. Yes. It is adaptable to material moving on a conveyor belt, so far as I can see.

Q. Ore is a very heavy material.

A. Ores are heavy, and any machine built lightly would not handle them.

Q. You have a conveyor Fig. 6 which brings up the ore, or coal, whatever it is to the platform 14.

A. That is right. That conveyor is almost an exact [147] duplicate of the type of conveyor that we used in elevating our potatoes on the Paramount washer, into the washer, and depositing them into the washer. We used also the same type of elevator in our packing tubs, when we did not have a washer, before we ever operated a washer.

Q. The ore that might be on the conveyor, is delivered by the conveyor 6 onto the conveyor 14 where what you would call a shearer 30 is mounted.

A. That's right.

Q. And ore striking against that shearer is held by the ropes 33, which are wound on cleats 40, to the frame of the conveyor, is that right?

A. Will you read the question?

(Testimony of J. Walker Glenn.)

(Question read by the reporter.)

A. I believe I understand what you mean, but I think your question is rather ambiguous.

Q. The shearer is held by the ropes 33, over into 40, which prevents the ore striking against them?

A. Yes.

Q. That necessarily must be so on a machine of that kind, to be loaded into cars?

A. That is true, with any product; if it did not have anything to hold it in place, it would be pushed by the impact of the product going in an opposite direction.

Q. It has to be held in an opposite position to which [148] it is passed, for depositing the ore in cars?

A. That is correct.

Q. In the patent to Vosler et al, No. 2,026,200, the part which you call a shearer is indicated.

A. In Figure 5, more vividly.

Q. It has arms 45, which engage with a rib 44, to hold one side of the shear block in position, is that right?

A. What they actually do is to engage the bracket 45 in the slot 43, which is part of 44.

Q. 44 is the edge of the groove?

A. No, 43 is the groove. The block 42 is attached to 36.

Q. Isn't 44 a metal strip?

A. It could be metal, or made out of wood with a router, and still serve the same purpose.

Q. The patent says:

(Testimony of J. Walker Glenn.)

“The member 35 of the partition 34, which is arranged closest to the tables, is grooved at 43 and has the lower outer face thereof provided with an upwardly extending plate 44.”

The Court: That is page 3, beginning line 16?

Mr. Franklin: That's right.

A. Then you have a grooved member with a plate to form the lip, such as 45, bracket with a right angle turn at the end, and the bracket may be slid over the ends. [149]

Q. The bracket slides over the plate 44?

A. From the drawings they have a rectangular turned down edge, which engages in back, and keeps the track from moving away from the end of the board.

Q. And prevents it from moving horizontally, but permits it to move longitudinally from the conveyor? A. Yes.

Q. On the opposite side of the angle block and where 51 appears? A. Yes, that's right.

Q. That rolls along the board on which the conveyor belt travels?

A. They have a board, or belt.

Q. How is that block moved along the conveyor?

A. The block has the eyelet, as shown in 52, Figure 3.

Q. In Figure 5 also?

A. Yes, that's right.

Q. And a rope connecting it?

(Testimony of J. Walker Glenn.)

A. A rope, rod or cable, anything that would move it one way or the other.

Q. That rope goes over a pulley at one end of the frame, doesn't it?

A. It doesn't show right here. In Figure 5 it shows an eyelet. I wouldn't know, unless I read it more [150] thoroughly.

Q. On the right end of the machine, in Figure 7, isn't there a crank with a pulley that the rope extends over or winds on?

A. Yes. In Figure 2, it shows more clearly. In Figure 2 it shows 18. I am willing to assume that is the wire.

Q. Those pulleys are also shown on Figure 7?

A. Yes.

Q. In order to move the block longitudinally, you turn the crank 75, to wind the rope on the pulley? A. Yes, that would do it.

Q. Take the patent to Fuerste, No. 420,049. This is a patent for working a body churn.

A. That is right.

Q. You have little vials that are filled with cream and put in a reciprocating frame?

A. Yes.

Q. For churning?

A. Yes. I would assume in churning you would use milk or cream.

Mr. Franklin: I will ask counsel if this patent was cited against the patent for a jigger board.

Mr. Worrel: It was not mentioned in either of the file jackets of the Patent Office. [151]

(Testimony of J. Walker Glenn.)

Mr. Franklin: I admit you have got a frame for holding these vials, but that frame is not an elongated board with stations on it for holding sacks to be filled with potatoes.

The Witness: No, there are no stations.

Q. (By Mr. Franklin): It has no station or cleats like in the Ernst patent,—it has nothing like that? A. No.

Q. It would not be suitable for the sacking of potatoes, would it?

A. The cradles, with the rods, could be a board placed across there and utilized in some manner, by anyone with any ingenuity or knowledge of machinery. You could easily put a board across in place of the crate-head.

Q. That would involve quite a reorganization of this machine, would it not?

A. No, a board could be placed across the lower portion of 11 and 12, and it would work.

Q. But the patent does not show a board, with a back portion to hold the board on?

A. No, I do not contend that.

Q. The patent to Buschmann, No. 435,681, is a device for oscillating photographers' developing-pans.

Mr. Huebner: Your Honor, we did not examine the witness on that, but if counsel wants to pursue it anyway—

Mr. Franklin: I thought you did. [152]

(Testimony of J. Walker Glenn.)

Mr. Huebner: We are not making any objection to it.

Q. (By Mr. Franklin): Take the Broussard patent, No. 1,014,444. That is the first one there. It is a bag filling machine. A. Yes.

Q. Does that have a jigger board on it?

A. No; that has a platform, and crate, as it is called here, suspended at the upper portion of the framework, and a hand track is set on this platform.

The Court: Which figure are you referring to?

A. Figure 1.

Q. (By Mr. Franklin): What is this part 63?

A. 63 is, I believe, in the patent referred to as a bumper bar.

Q. What does that bump against?

A. That strikes a latch or trigger attached to the crate designated here—it is 26. I don't know whether that refers to the entire crate, but at the top it is referred to as 26. It is a cage or crate, and I assume I am correct in calling it that, and a hand truck that is setting on that and a bumper bar, by means of an eccentric goes parallel backward and forward and strikes the crate on one side; then comes back and strikes the crate on the other side.

Q. It strikes the crate? [153]

A. I am calling it a crate.

Q. And it agitates it?

A. It agitates it and causes that hand truck to bounce back and forth.

(Testimony of J. Walker Glenn.)

Q. The end of the bar strikes against Figure 57?

A. Yes, and causes the bag to be shifted laterally.

Q. And causes the bag to be shifted laterally, or the frames to be swung?

A. That's right.

Q. These bags are filled by the spout 10.

A. I believe that is right. I did not read into the patent too far, but the spout would indicate the material would be put in there and dropped into the spout and put into the bag.

Q. In your experience with potato sacking machines, have you observed machines where spouts were used?

A. Yes, we tried spouts or chutes on our first potato washers.

Q. We will take the second patent to Broussard, No. 1,025,781. What is the difference between the mechanism of this and the other Broussard patent?

A. The difference in that is very noticeable. We do not have the hand truck, and we have two bags, one on each side.

Q. Is there a jigger board in that patent? [154]

A. There is a board suspended from the upper portion of the framework, which is hung to the framework; it is hung by links or a chain, and a bumper board, and this one is now attached at the base and one end of the board, the crate, or bottom of the crate.

Q. The material is directed into the bags by the spout D and D¹?

A. As I said before, the drawing indicates that

(Testimony of J. Walker Glenn.)

is absolutely right. As I say, I read only the portions that pertain to the operation of the machine, and not as to the delivery of the products into the container.

Q. The product is delivered through these chutes into the top of the bag?

A. In this instance, these would be delivered through the chutes. It is very obvious that anything that could be delivered by means of a conveyor, as the drawing shows, would come down through a chute.

Q. That is correct in this patent?

A. That is correct, but I did not go into the details.

Q. There is no other way of delivering the product to the bags, except through D and D¹.

A. No.

Q. The patent to Stehlin, No. 1,191,243—

The Court: That was just passed over very lightly. I have no note of the witness' testimony.

Mr. Huebner: Your Honor, I think the witness did have some comment on Stehlin.

Mr. Franklin: I will make this very short.

Mr. Huebner: There was reference made to this, and particularly some comment was made with regard to the arm brackets 80, which appear in Figure 2, and the platform 23 being comparable to the cleats, on Ernst's vibrating platform board.

Q. (By Mr. Franklin): Do you find an elongated platform with stations along the platform,

(Testimony of J. Walker Glenn.)

whereby bags may be put alongside of each other lengthwise of the platform?

A. I don't see them. This shows the end view, and side view. How long that would extend, I could not say.

Q. In Figures 1 and 2, there is only a place there for one bag, is there not?

A. It only shows one bag.

Q. This patent states that it is for the purpose of bagging grain, is that correct? A. Yes.

Q. And it has a shock absorber, shown in Figure 5?

A. It states "Materials of various kinds."

Q. "More especially for the purpose of bagging grain," is what the patent says. In agitating a bag that has grain in it, is it not a fact that the movement must be smooth, and not a violent movement?

A. I can't say I quite agree to that. If I were to comment, it would be the other way; I would reverse it. Grain does not bruise in the bag very easy, whereas potatoes are more susceptible to bruising in the bag.

The Court: It does not limit it to grain specifically. On line 60, page 1, it says, "Similar economies may be effected in the packaging of various materials, as sugar, beet-pulp, etc." They also state that it is very compact, that it will take less space when being shipped in cars, boats and the like.

(Testimony of J. Walker Glenn.)

Mr. Franklin: I call attention to page 2, line 50 of the specification:

“I preferably provide spring means for controlling and smoothing out or damping the otherwise violent action of the vibrating platform, and to this end I may provide a shock absorber, which may be constructed, for example, as illustrated in Fig. 5.”

They merely illustrate there is a shock absorber shown in Figure 5 for “damping the otherwise violent action of the vibrating platform.”

A. In that instance I personally would have to disagree. That platform can only move in the same manner and the same speed, and at a constant speed, without the springs, because it has a positive drive from one end of the platform, [157] connected to the crank 29 driven by a sprocket and gear or pulley 30. The only way there could be any change in the action of that machine is when the damper is put on there, you would have to have the belt slip, with enough power to drive it, because it is fastened with a pitman at one end, and a crank on the other end.

Q. It is a shock absorber?

A. The patent says, “I preferably provide” means for damping or holding it back as it comes around, and there must be some slipping or holding up of the motor doing that.

Q. That is not described in the patent, is it?

A. You cannot slow down a positive driven job, without some kind of slipping.

(Testimony of J. Walker Glenn.)

Q. This is operated with the pulley 32, that drives that, but there is no slippage in the pulley.

A. No, but they have a positive drive.

Q. If you have a positive drive, then the patent is inoperative. This crank 20, or crankshaft, is a very short crank, isn't it?

A. That's right, apparently.

Q. Apparently.

A. There are no dimensions given. I don't know how long it is.

Q. It is shown as a short crank?

A. I presume it is. [158]

Q. It would give a short stroke? A. Yes.

Q. And a very fast stroke?

A. That would depend on the rate of speed between the motor and the pulley. The shaft could be turned at any given speed desired.

Q. That is true, but an electric motor runs pretty fast.

A. If the motor runs too fast, you can easily reduce it, or you can speed it up.

Q. Doesn't the patent show a much smaller motor than that that with which the shaft 29 is connected?

A. Yes, in this instance the drawing shows that.

Q. I will show you the patent to Sargent, No. 1,352,225, which states that it is a washing machine.

Mr. Huebner: This is one of the patents Mr. Worrel explained in passing, as a file wrapper reference. I will object to cross-examination on the

(Testimony of J. Walker Glenn.)

ground that it is immaterial, and on the ground that it is not proper cross-examination.

The Court: I will sustain the objection.

Mr. Franklin: Take the patent to Williams, No. 1,640,103——

Mr. Huebner: I object to any questions on this patent for the same reasons, your Honor.

The Court: There was nothing asked on that. I think [159] Naeher was the one placed next on the list.

Mr. Huebner: That is correct, your Honor.

Mr. Franklin: How about the patent to Shaler?

The Court: There was no examination on the patent to Shaler.

Mr. Franklin: The Naeher patent, No. 1,719,124—this patent as shown, handles how many bags?

A. It shows two platforms, and two bags.

Q. It states it has a gyratory movement.

A. That is right.

Q. That gyratory movement is a combination of a longitudinal movement of the platform and a vertical movement.

A. That is right.

Q. And the vertical movement is about four and a half times as great as the longitudinal movement?

A. That is correct.

Q. That is primarily an up and down movement, is it not?

A. Yes, that is more up and down than longitudinal.

Q. While this patent does not state that it is

(Testimony of J. Walker Glenn.)

used for grain, what is your opinion of the materials that are used in that machine?

A. It does not state anywhere in the patent. It could be used for bags. It is a bag filling machine.

Q. That has a rocking movement to the platform? [160]

A. It gives the movement of the platform shown down below.

Q. Figure 5? A. Yes.

Q. That shows—— A. It shows the arc.

Q. At the top of the bag there are spouts?

A. I might assume it would be a spout.

Q. In this connection, the patent said at the beginning:

“This invention relates to bag filling machine equipped with means for compacting the material within the bag during the filling operation, and is an improvement upon the type of machine disclosed in Patent No. 1,616,016.”

You have never seen that patent yet?

A. No, I have not.

Mr. Franklin: And you have not set that patent up?

Mr. Worrel: No, we have not.

Mr. Franklin: I think we ought to put in this patent.

The Court: Put it in.

Mr. Franklin: I will offer Patent No. 1,616,016.

The Clerk: 14 in evidence.

(Testimony of J. Walker Glenn.)

(The document referred to was marked Plaintiff's Exhibit No. 14, and was received in evidence.) [161]

The Court: All right. But do not examine the witness on it.

Mr. Franklin: We are entitled to cross-examine——

The Court: I think you had better finish with this witness.

Mr. Franklin: How about the DeBack patent. Was there any testimony on that?

Mr. Huebner: No testimony.

Mr. Franklin: And the patent to Nicolas.

Mr. Worrel: There was no testimony on Nicolas.

The Court: The only testimony that amounted to anything was Belcher, and just a general statement about the two German patents, and the witness said he had not examined the German patents very much.

Mr. Franklin: How about Anderson?

Mr. Worrel: There was no testimony on Anderson.

Mr. Franklin: Belcher?

The Court: Yes, 397,679. I consider that very important. I have it so marked.

Mr. Franklin: Is that the Belcher patent?

The Court: Yes.

Mr. Worrel: There was no testimony as to the patent to Belcher.

(Testimony of J. Walker Glenn.)

The Court: The specifications as to Belcher are so elaborate you don't need to explain them. He is an American [162] citizen, and it is surprising he did not get the patent in the United States.

Mr. Franklin: Is that the same Belcher?

Mr. Worrel: It appears to be the same.

Q. (By Mr. Franklin): Does that have a jigger board with stations on it on which you can put bags, so they won't trip along the board?

A. I see indications of bags on the jigger board.

Q. That is indicated at 11?

A. The boards are indicated 11, yes.

Q. There are no cleats to form a bag station?

A. On the drawing, at the bottom of Fig. 1, where the bag is rested on the jigger board, there is an indication of a V-shape. What that is, I don't know, without reading that entirely.

Q. Isn't there a conveyor over to the left of the machine, for delivering the containers on the jigger board 11? A. Over to the left, yes.

Q. And that conveyor keeps pushing the containers over the jigger board from the left to the right-hand, does it not?

A. Yes, that indicates that is the way they are moved.

Q. Then they are moved from one end of the jigger [163] board to the other?

A. Yes. I might say the board appears to be smooth. There is no indication of cleats.

Q. If there were cleats, they would show?

(Testimony of J. Walker Glenn.)

A. Yes.

Q. And the container could not be pushed along?

A. No.

Q. In the Ernst patent, the boards are straight or parallel? A. Yes.

Q. This jigger is not horizontal and longitudinal? A. It is upward and downward.

Q. It is in the center?

A. The agitator is approximately in the center, I would say.

Q. The ends of the board are not moved at all in either direction; they are fixed.

A. Is that fixed, or is there an allowance made for movement? I did not read the specification, so I would not say they were or were not.

Q. Take page 2 of this patent, line 71:

“The means provided for imparting a vibratory motion to the plate 11 is best shown in Figures 1 and 5, and comprises a connecting rod 25 having its upper end pivotally connected to the [164] bottom of the pin 27. The lower end of the connecting rod 25 engages an eccentric 28 provided upon a main operating shaft 29, mounted in suitable bearings 31, and a gear housing, shown in Figure 1.”

Isn't that connection for the purpose of imparting an up and down movement to the board intermediate to its ends?

A. What you have just read does not necessarily indicate that. The board is fastened down in a

(Testimony of J. Walker Glenn.)

fixed position at each end. I was looking at 13 or 14, which will probably give the answer.

Q. I will pass it up.

The Court: Do you want to examine as to the two German patents?

Mr. Franklin: Yes. The Erickson patent I did not examine as to that.

Mr. Huebner: Yes. We had some questions on the Erickson patent. It is pretty clear as to what his device is. There is no conflict between the testimony of Mr. Glenn, and whatever is in the patent application.

The Court: That is the fruit mixing machine?

Mr. Huebner: Yes.

Mr. Franklin: This is Patent No. 2,043,739 to Erickson.

Q. Take these plates 10, 11, 12, 13 and 14, Figure 1—— A. Yes. [165]

Mr. Huebner: Your Honor, we did not ask any questions about those plates.

The Court: If you examined as to the patent, he has a right to examine as to something you did not examine about.

Q. (By Mr. Franklin): These plates are stationary?

A. Yes, the plates are stationary.

Q. There are a number of them?

A. That is correct.

Q. One for directing material into each device, 1, 2, 3, 4 and 5? A. Yes.

(Testimony of J. Walker Glenn.)

Q. And being stationary, they are not moved longitudinally along the belt? A. No.

Q. Take Figure 2, on which I will examine. There is the receptacle C and D? A. Yes.

Q. And there is the spout 22, which leads from the receptacle C and D into a conveyor, from which the diced fruit is delivered from the said device 1, 2, 3, 4 and 5. A. That is right.

Q. It is delivered from the spout 22 into the trays C and D? A. That's right. [166]

Q. These German patents—first we will take the patent to Wyngaert, No. 69,746. Does that show a jigger board? A. No, it does not.

Q. What does it show?—There is this part, either 1 or e. I think it is e.

A. That is merely a means for sticking the bag on the side, and, as I understand it, is to fill the bag and settle the product in the bag. We did not discuss that.

Q. You did not read that in German?

A. No, I had a translation.

The Court: It is a very simple patent. All he claims is just the means for shaking it, and it packs down.

Mr. Franklin: That part is the beater.

A. Yes.

Q. The same is true of the patent to Steimel, No. 512,780, also a German patent? A. Yes.

Q. Does that have a jigger board on it?

A. That has a frame, where the bag is jilted back

(Testimony of J. Walker Glenn.)

and forth, and on the bottom and sides at the same time, alternately or intermittently.

Q. That beater is shown as a rectangular object in front of the bag?

A. Yes. It is on the front or side of a portion of [167] the bag, about half way between the top and the bottom.

Mr. Franklin: I was wondering if these patents are set up against the claims in issue. There is a beater set up in one claim. We have selected Claim 1 of each patent. That has no beater in it.

The Court: That is true. They are attacking the validity of the entire patent.

Mr. Franklin: Are these claims set up against the claims in issue?

Mr. Huebner: They will be used, yes.

Mr. Franklin: I know there was some testimony on the Bradbury patent No. 826,988. As I understand your testimony, you contend that the part indicated S——

The Court: What figure are you looking at?

Mr. Franklin: Figure 1. That the S was a jigger board, is that right?

A. Where is the figure S. You refer to it as the portion between 101 on the right-hand side and 71 on the left-hand side?

Q. It is called a shoe, on page 4, line 17:

“The shaking-shoe is driven by a pitman 100, connected with the crank 101, upon the fan-shaft 87.”

(Testimony of J. Walker Glenn.)

A. Yes, there is a screen and a pan in this particular instance. I am to a certain degree familiar with harvesters [168] and harvesting equipment, so I did not go through a lot of this. I have had occasion to be around harvesters, and have made some repairs on harvesters.

Q. This machine is a grain-separator?

A. That is right; it is what is termed a harvester or combine.

Q. It has a screen that is numbered 73?

A. Yes.

Q. That is used for cleaning the grain after it has been in the machine? A. Yes.

Q. And then they pick up the residue and clean it?

A. Yes. I refer to this as being similar to the old type shaker.

Q. The board is suspended on links, and it has no station for holding the bags? A. No.

Q. It is included in the housing? A. Yes.

Q. There is no way by which you can set the bags on 72?

A. No, I do not see that it is used for that purpose.

Q. And shown in the drawing it cannot be so used?

A. No, I never assumed it was used for that.

Mr. Franklin: How about Bates—was there any testimony on that? That is an old one.

(Testimony of J. Walker Glenn.)

Mr. Worrel: There was some testimony on Figure 2 of Bates.

Mr. Franklin: Figure 2 of the patent to Bates, No. 643,102——

The Court: This is the one that had twenty-three or four figures.

Q. (By Mr. Franklin): Does this Bates machine have an elongated surface, jigger board—a jigger board with stations on it? A. No.

Q. Which is reciprocating?

A. No. It merely has a plate, and is moved upward and downward by the mechanical means it shows.

Q. Do you know what that machine is used for—what kind of material?

A. It presumably would be used for grain, corn, beans.

Q. And salt and flour?

A. It could handle salt and flour and sugar. The mere structure of the machine itself would indicate that you would have difficulty in putting potatoes through the funnel.

Mr. Franklin: This is the Norkewitz patent. It is the second patent in the first group of references on the shear plate. [170]

The Court: Yes.

Mr. Franklin: It is No. 860,936 to Norkewitz. As I remember it, the shear plates were indicated at 32 on this patent, is that right?

A. No. There are two sets of shear pates, if you

(Testimony of J. Walker Glenn.)

want to call them that; they are 32; which move the product for putting them across the belt more or less in a straight line.

Q. They direct them against 35? A. Yes.

Q. That is for handling bottles?

The Court: Yes, that is right.

Q. (By Mr. Franklin): This shows that the plates 33 are fixed? A. Yes, that is right.

Q. There are a number of them?

A. That is correct.

Q. And they are moved longitudinally along that conveyor from one position to another.—That is all.

The Court: Any redirect.

Mr. Huebner: No redirect, Your Honor. The defendant rests.

The Court: I want to know what you are going to offer in rebuttal.

Mr. Franklin: I haven't very much more to offer, your [171] Honor. I have a working drawing of the movement of our jigger board, and that will be very short.

The Court: Put it in now.

Mr. Huebner: May I ask Mr. Franklin if he intends to offer the deposition of Mr. Gearing?

Mr. Franklin: Yes.

The Court: You may offer the deposition, unless there is some objection on which you want me to pass, unless I order it transcribed, and read before the argument.

Mr. Huebner: Your Honor, it has been transcribed.

The Court: I mean as a part of the record.

Rebuttal

HENRY J. STOLZ

recalled as a witness in rebuttal, by Mr. Franklin.

Direct Examination

By Mr. Franklin:

Q. Mr. Stolz, do you know the length of stroke of the jigger board of the Ernst machine?

A. The length of the stroke forward and backward is two inches.

Q. I just asked you if you knew.

The Court: He has answered the question.

Q. (By Mr. Franklin): I hand you a drawing and ask you who made that drawing?

A. I made the drawing. [172]

Q. What is the drawing?

A. The drawing is of the jigger board of the Ernst sacker covered by this patent, and has a side-wise motion of two inches and an up and down motion of a maximum of one-sixteenth of an inch.

Q. And you have the dimensions of the horizontal motion. Where is that shown?

A. In the lower part of the drawing.

Q. And it moves one inch on each side of the center?

A. Yes.

Q. And gives a maximum stroke of two inches?

(Testimony of Henry J. Stolz.)

A. One inch on each side.

The Court: The way I have it, it would give four inches.

Mr. Franklin: It gives one inch on each side of the center; two inches all together.

Mr. Huebner: I am going to object to a question of this character upon the ground that it is immaterial. The patents do not teach how much it is.

The Court: So long as we do not have a demonstration, I do not think it will do any harm.

Q. (By Mr. Franklin): What is the length of the links which suspend the jigger board?

A. About one inch long.

Q. And the arc? [173]

A. The arc has a maximum of one-sixteenth of an inch.

Q. Is it indicated?

A. As indicated on the drawings.

Mr. Franklin: I offer the sketch in evidence.

The Court: It may be received.

The Clerk: Plaintiff's Exhibit 15 in evidence.

(The drawing referred to was marked Plaintiff's Exhibit No. 15, and was received in evidence.)

Q. (By Mr. Franklin): While you have been with Mr. Ernst are you familiar with the various elements in the development of the Ernst machine?

A. Yes, I am.

Q. In your experiments, did you ever try to use

(Testimony of Henry J. Stolz.)

spouts for directing the products on the conveyor?

A. I did. We tried to use spouts, but they were not successful.

Q. Did the potatoes choke up in the spout?

A. Yes, and you could not get them into the sacks.

Q. Did it render the operation uncertain?

A. Definitely. If you do not get the potatoes into the sacks, the machine is of no value.

The Court: Is there any objection to the testimony in the deposition?

Mr. Huebner: We have no objections. [174]

The Court: The deposition of Mr. Harry Gearing will be received in evidence, as part of the plaintiff's case in rebuttal.

Mr. Huebner: There are some stenographic errors in that that Mr. Franklin and I have not got together on, because it was only received a day or two ago.

The Court: It is not signed.

Mr. Franklin: Mr. Gearing read it over in my office.

Mr. Huebner: I thought it well that I might make the suggestion and reserve the right, subject to your approval, of making corrections that are obvious.

Mr. Franklin: Yes.

The Court: All right.

The Clerk: That is Exhibit No. 16.

(The deposition referred to was marked Plaintiff's Exhibit No. 16, and was received in evidence.)

The Court: Mr. Gearing has testified as a patent expert. It may be received. The deposition will be received, and the Court will read it and order it transcribed in any record prepared in this case.

The Clerk: Plaintiff's Exhibit No. 16.

(Argument.)

[Endorsed]: Filed July 19, 1949. [175]

PLAINTIFF'S EXHIBIT 16

In the District Court of the United States, Southern
District of California, Northern Division.

Civil Action No. 721-N.D.

EARL A. ERNST,

Plaintiff,

vs.

A. G. CLEMENS, et al.,

Defendant.

Deposition of Harry Gearing

taken on behalf of the Plaintiff herein, at the law
offices of Messrs. Huebner, Beehler, Worrel, Herzig
& Caldwell, in the Story Building, Broadway and
Sixth Streets, Los Angeles, California, on Monday,
February 28, 1949, and Tuesday, March 1, 1949, be-
fore Paul Lehnhardt, Jr., a Notary Public, pursuant
to stipulation, (copy of which is hereto annexed.)

Appearances:

ALAN FRANKLIN, Esq.,

on behalf of the plaintiff;

HUEBNER, BEEHLER, WORREL, HER-
ZIG & CALDWELL,

By Herbert A. Huebner, and

Richard M. Worrel, Esqs.,

on behalf of the Defendants.

Plaintiff's Exhibit 16—(Continued)

STIPULATION

It Was Duly Stipulated by and between counsel for the respective parties herein, that the deposition of Harry Gearing, be taken on the part of the plaintiff herein, before Paul Lehnhardt, Jr., as Notary Public and certified Court Reporter, commencing at 2:00 o'clock p.m. on Monday, the 28th day of February, 1949, at the law offices of Messrs. Huebner, Beehler, Worrel, Herzig & Caldwell, Story Building, Los Angeles, County of Los Angeles, State of California, pursuant to the terms of that certain "Stipulation," a copy of which is hereto annexed, and which has been duly signed by the attorneys for the respective parties litigant herein.

That, the said deposition and testimony of the said witness shall be taken, to be read and used in evidence in said cause at any trial thereof or proceedings therein, subject to the same objections and exceptions as if said witness were personally present on the stand, but without objection or exception to the time, place, or manner of taking the same, or to the form of the question, unless noted at the time.

It Was Further Stipulated, that the said deposition, at the conclusion of the taking thereof, may be read to the said witness and be signed before the officer taking said deposition, at a time and place fixed by the officer [2*] acting herein.

It Was Further Stipulated, that as soon as the officer completes the reading to the witness of his said deposition, and has duly certified thereto, that

* Page numbering appearing at top of page of original Reporter's Transcript.

Plaintiff's Exhibit 16—(Continued)

the same be promptly transmitted to the Clerk of Court, in the District Court of the United States, Southern District of California, Northern Division, sitting to hear this said action, at Fresno, California; the said cause being set for trial to be commenced on Tuesday, March 8th, 1949.

It Was Further Stipulated by and between counsel for the respective parties that Mr. Alan Franklin, counsel for the plaintiff herein, may retain the documents in his possession which have been marked by the Notary on the part of the plaintiff for purposes of identification herein, subject to the agreement between counsel that Mr. Franklin make the same available to counsel for the defendants at the time of the trial. [3]

In the District Court of the United States, Southern
District of California, Northern Division.

Civil Action No. 721-N.D.

EARL A. ERNST,

Plaintiff,

vs.

A. G. CLEMENS, et al.,

Defendants.

Be It Remembered:

That, pursuant to the "Stipulation," (copy of which is hereto annexed), and the oral stipulations of counsel for the respective parties, embodied herein

Plaintiff's Exhibit 16—(Continued)

and made a part hereof, commencing at the hour of 2:00 o'clock p.m. on Monday, the 28th day of February, 1949, before Paul Lehnhardt, Jr., a duly qualified Notary Public, and as such duly commissioned to administer oaths, taken at the law offices of Messrs. Huebner, Bechler, Worrel, Herzig & Caldwell, of counsel for the defendants herein, Story Building, in the City of Los Angeles, California, personally appeared Harry Gearing, a witness produced on behalf of the above-entitled plaintiff.

That, Messrs. Herbert A. Huebner and Richard M. Worrel, appeared as counsel on behalf of the said defendants herein; [4]

That, Alan Franklin, Esq., appeared on behalf of the said plaintiff;

Whereupon, the following testimony was taken, evidence adduced, and proceedings had, to-wit: [5]

HARRY GEARING

a witness produced on behalf of the plaintiff herein, having been first duly sworn by the Notary, according to law, to speak the truth, the whole truth, and nothing but the truth, being examined in chief by Mr. Franklin, testified as follows:

Direct Examination

By Mr. Franklin:

Q. What is your occupation, Mr. Gearing?

A. Consulting Engineer and patent expert.

Q. Have you had any experience in designing and building machinery?

Plaintiff's Exhibit 16—(Continued)

(Deposition of Harry Gearing.)

A. I think, all my life, fifty years.

Q. Did you learn the trade of machinist?

A. I did.

Q. Are you a machinist? A. I am.

Q. Have you done any development work in working out and developing inventions?

A. I have.

Q. You are experienced in working out and developing inventions? A. I am.

Q. Have you testified heretofore as a mechanical expert in patent litigations? A. I have. [6]

Q. Can you name a couple of cases?

A. I can't give you the dates, but there were a couple of cases I handled for the late Raymond Ives Blakeslee, in connection with Boyle Manufacturing Company and the Merritt Company—

Mr. Huebner (Addressing the witness): Pardon me, what was that first name?

The Witness: Boyle Manufacturing Company.

Q. (By Mr. Huebner): "Boyle, B-o-y-l-e"?

The Witness: Yes. (Continuing) I also testified —(Pause). Let's see (pause) I can't remember the name of the firm now, but we had a case in connection with brick-setting machinery, (pause) I don't remember the name of the firm now, that—

Q. (By Mr. Franklin): Any others?

A. I developed all the models and got together all the equipment in connection with the patent litigation between the Union Tool & Supply Company, in

Plaintiff's Exhibit 16—(Continued)

(Deposition of Harry Gearing.)

connection with rig irons. And I was an expert for Mrs. Pererya. (Addressing Mr. Franklin): Is that the way you pronounce it?

Mr. Franklin: (Pronouncing) "P-e-r-e-r-y-a."

The Witness: (Continuing) On a tortilla machine.

Q. Who was that case tried before?

A. Judge Yankwich.

Q. Have you ever studied the patents [7] in suit, the patents to E. A. Ernst, reissue 22,740, April 2, 1946, for sack jigger? A. I have.

Q. And a patent to F. J. Ernst, number 2,288,159, dated June 4, 1942, for a sacking device?

A. I have.

Q. Are you familiar with the mechanism of those patents? A. I am.

Q. Well, can you just state, generally, what the patent of E. A. Ernst, re-issue 22,740, consists of; what it's for?

A. It's particularly adapted (pause) in the patent (pause) for the jogging of potatoes so that they will take compact form in the sacks, and, of course, it could also be used for other like articles.

Q. Well, state how they are put in the sacks.

A. They come along on a belt (pause) on a traveling belt (pause) and have an arm (pause) or what is stated in the patent, I think, as a "jiggerboard" (pause) which limits the flow at the wish of the operator, so that they will all flow to any given sack

Plaintiff's Exhibit 16—(Continued)

(Deposition of Harry Gearing.)

until such time as the sack is filled, when the jigger-board is moved to the next sack.

Q. "Jiggerboard"?

A. Well, it's not a jiggerboard. (Pause.) It's a board. [8]

Q. Well, point it out; what is it there? (Counsel refers to document which the witness is perusing.)

Mr. Huebner (Addressing counsel): Pardon me, don't you want to have the patent marked for purpose of identification, if you are going to refer to it?

Mr. Franklin: Yes. (Hands the Notary document.)

The Notary: Gentlemen, this will be marked as Plaintiff's Exhibit Number One for purposes of identification.

Mr. Franklin: Well, wait a minute. (Addressing the Notary.) Just hand that back to me for a minute. I have them arranged a little differently on my notes, so I think I will have you mark that one "Plaintiff's Exhibit Number 2" for purposes of identification; that's the re-issue patent 22,740.

The Notary: Very well, it will be so marked, gentlemen.

(The said document so handed to the Notary was thereupon marked "Plaintiff's Exhibit No. 2" for purposes of identification.) [9]

Q. (By Mr. Franklin): What was that part you referred to?

Plaintiff's Exhibit 16—(Continued)

(Deposition of Harry Gearing.)

The Witness: May I have this? (Referring to document.)

Mr. Franklin: Yes.

The Witness: (Examining document) The point I referred to was number seventy-two. (Pause.) Let's see what they call it. (Examining document.) "Shearer." (Pause.) "Baffle Plate or Shearer."

Mr. Franklin: All right.

Q. (By Mr. Franklin): You spoke of a jigger-board; what was that?

The Witness: (Perusing document.) The jigger-board is the board at the bottom of the machine on which the potato sacks rest.

Mr. Franklin: All right.

Q. (By Mr. Franklin): And can you state the operation of that?

The Witness: The board alone? Or do you want it in connection with the sacks?

Mr. Franklin: Well, yes, the function of it; what it does.

The Witness: Well, (perusing document) the sacks are hung from hooks—(pause)—"Hooks 36"—(pause)—which are attached to a top framework so as to hold the mouth of the sack open—(pause)—and that top framework is indicated as "37," (perusing document) I believe it is. [10] (Examines document.) Yes. (Pause.) Supporter hoops in the frame unit number 37. The bags hang loosely from these and rest on the jiggerboard at the bottom of

Plaintiff's Exhibit 16—(Continued)

(Deposition of Harry Gearing.)

the machine—(pause) which jiggerboard is vibrated back and forth so as to settle the potatoes into the sacks.

Mr. Franklin: All right.

Q. (By Mr. Franklin): What is the number of the jiggerboard indicated by the particular number there?

A. I think it is "22." (Perusing patent.) "Platform 22" which extends the entire length of the bracket (pause)—the entire length of the platform (pause)—and requires a particularly heavy—(pause)—a very heavy bracketing to stand very heavy dashes.

Q. (By Mr. Franklin): You say it is vibrated. How is it vibrated?

A. It is vibrated by an eccentric which is operated through a series of reduction belts and an eccentric which vibrates the whole jiggerboard back and forth rather sharply. (Examining patent.) The jiggerboard is hung on suspension brace "23" supported by brackets "24"

Mr. Franklin: I see.

Q. (By Mr. Franklin): How is the vibrating mechanism—How does it vibrate the jiggerboard?

A. Well, the eccentric on the eccentric shaft (Pause) which is driven thru these series of belts, produces an oscillating motion which is transmitted through the eccentric [11] pitman—(Pause)—thru a bracket—(Pause)—Well, that bracket is marked

Plaintiff's Exhibit 16—(Continued)

(Deposition of Harry Gearing.)

—(Pause)—Let's see whether it is "62" or "63"—

(Pause)—It consists of an angle frame. (Examining patent) "Angle Iron Locks 62" and "63" head together at the corner brace of "64."

Q. (By Mr. Franklin): Where is the vibrating mechanism located?

A. (Perusing patent) In the center of the machine.

Q. Where are the bags located on these jiggerboards?

A. To the right and left of the vibrating means.

Q. Of the vibrating means?

A. To the right and left of the vibrating means.

Q. On page one of the specifications of the patent for sack jigger (Indicating) down near the fourth line of the jigger, the fourth column, is a statement which says that one of the side portions may be omitted, the side portions being the parts indicated at "2" and "3". Suppose, for example, you omitted the side portion "2", which would also omit the motion of that portion, of the jiggerboard at that part of the machine, where would the vibrating mechanism be connected at the jiggerboard?

A. (Examining patent) At the end of the machine.

Q. If the side portion "2" were omitted, would there be an intermediate locus, or a central locus, between the side portions "2" and "3"?

A. (Perusing patent). No. [12]

Plaintiff's Exhibit 16—(Continued)

(Deposition of Harry Gearing.)

Q. If the vibrating means is connected at the center of the jiggerboard, or at one end of the jiggerboard, would that affect the operation of the jiggerboard? A. None whatever.

Q. Claims "1" speaks of a platform including elongated surface from the container stations, from the ends thereof, to the central end of the locus; can you indicate where those stations are?

A. (Perusing document) Yes.

Q. Where are they indicated, by what means?

A. They are indicated by the figure 37, in the general assembly drawing Figure 1 (Perusing patent) and Figure 37 in Figure 6.

Mr. Franklin: I don't think you understood the question. I meant the stations there where the bags are located.

Q. (By Mr. Franklin): Is that——

The Witness: (Interrupting) Well, the bags are hung from those loops, and are passed down thru the platform (Pause) which is indicated as Figures "30", "31" and "32" on the drawing, so that they are what might be known as member bars or means which contact the sacks—(Pause)—a certain distance down from the mouth.

Q. (By Mr. Franklin): Well, the bags—Do they rest on anything?

A. The bags rest on the jiggerboard "22". [13]

Q. Well, where are the stations? (Perusing document) It says—"Said platform including an elon-

Plaintiff's Exhibit 16—(Continued)

(Deposition of Harry Gearing.)

gated surface with container stations." Where are the container stations, and what are they indicated by?

A. (Perusing Patent) The container station is the portion of the jiggerboard immediately below the frame on which the bags are hung. (Witness indicates)

Mr. Franklin: (Perusing document) Yes.

The Witness: (Continuing) —and they rest on the jiggerboard, (indicating) which jiggerboard has some cleats (indicating) "28" for the purpose (Pause) I would say, (Pause) to hold the bottom of the bag in position.

Q. (By Mr. Franklin): Well, they hold them in position in what manner?

A. So that they will move positively along with the jiggerboard.

Q. What is the shape of the jiggerboard?

A. It's a long platform which may be made any length desired to accommodate any number of station, and the suitable width to accommodate the size of the bag which may be in use.

Q. Well, what is the shape? Is it straight, or circular, or what shape is it?

A. Well, it's a long, flat, surface.

Q. Like a board?

A. Like a board. (Pause) With cleats on it—[14] (examining patent) at the stations to steady the sacks.

Plaintiff's Exhibit 16—(Continued)

(Deposition of Harry Gearing.)

Mr. Franklin: All right.

Q. (By Mr. Franklin): Do the cleats steady the sack? A. Yes.

Q. Why is the jiggerboard made straight, like a board?

A. It's the simplest form to make it. (Pause) I don't know of any reason to make it any other shape.

Q. Is that the best way to make it for this particular machine? A. Yes, I would say.

Q. Why?

A. Well, if you made it curved, it would be high at one point and low at another, and then you would have to have different lengths of sacks, and the sacks which were on the high part—(Pause)—it would have a tendency to slip down to the portion where the lower sack was, (Pause) shove the lower sack into place, and would call for a lot of workmanship which is not necessary.

Q. What kind of a conveyor do we have on this machine?

A. What is commonly known as a "belt conveyor."

Q. Flat, or what shape?

A. It is a flat belt conveyor.

Q. Where is the belt conveyor located on the machine?

A. From the rear, where the operator stands to handle the sacks of potatoes—

Mr. Franklin: I spoke of the conveyors; (Indi-

Plaintiff's Exhibit 16—(Continued)

(Deposition of Harry Gearing.)

eating) [15] that's where you dump the potatoes on? (Examining documents) What's that? (Indicating) "Conveyor 46" in the patent?

The Witness: Well, "Conveyor 46" is really two conveyors, (Pause) one extending to the right and the other to the left. (Pause) They are flat belt conveyors.

Mr. Franklin: All right.

Q. (By Mr. Franklin): Now, what part of the machine are they located in?

A. Well, they are located, as I say,—(Pause)—They are located (Examining patent) on a level with the mouth of the bags—(Pause)—and from the rear—(Pause)—where the operator stands to load the sacks.

Mr. Franklin: All right.

Q. (By Mr. Franklin): And where is the jiggerboard located?

A. Over the surface of the conveyor belt—(Pause)—The "jiggerboard", I understand you to say?

Mr. Franklin: (Nods affirmatively)

The Witness (Continuing): —The jiggerboard is located immediately in front of the conveyor belt—(Pause)—between where the operator stands and the conveyor belt—(Pause)—and down close to the floor.

Mr. Franklin (Addressing witness): May I have that?

Plaintiff's Exhibit 16—(Continued)
(Deposition of Harry Gearing.)

The Witness: Yes. (Hands document to Mr. Franklin)

Q. (By Mr. Franklin): Take this patent to Stehlin, patent number 1,19 243, and state, generally, what that is. [16] (Handing witness document)

Mr. Huebner (Addressing counsel): I suggest that the patent you are referring to be marked, at least for identification!

Mr. Franklin: All right. (Hands document to the Notary.)

The Notary: This, gentlemen, is being marked "Plaintiff's Exhibit Number 1 for Identification," this document being marked "F. J. Ernst #2,288,-159, dated June 30, 1942, "Sacking Device;" counsel for the plaintiff herein having indicated that he desires that one marked as the first exhibit—(addressing counsel)—That's right, isn't it?

Mr. Franklin: Yes. And mark this one (indicating) "Plaintiff's Exhibit Number 2 For Identification," if you will, please.

(The said documents were thereupon marked respectively "Plaintiff's Exhibit Number 1 for Identification," P. L., Jr., Notary, 2/28/49," and "Plaintiff's Exhibit Number 2 for Identification," P. L., Jr., Notary, 2/28/49." [17])

Mr. Huebner (Addressing counsel): What are you going to mark that Stehlin Patent?

Mr. Franklin: I wanted to get #1 and 2 first.

Plaintiff's Exhibit 16—(Continued)

(Deposition of Harry Gearing.)

I started off with this patent here (indicating) in the complaint (indicating) as the first one, and I like to be consistent thruout.

Mr. Huebner: Oh, I see!

Mr. Franklin: Well, this Stehlin patent, which I just spoke of, that one I will ask the reporter to mark for purposes of identification "Plaintiff's Exhibit #3."

(Addressing the reporter.) Will you please mark it?

(The said document thereupon handed to the Notary was marked "Plaintiff's Exhibit #3 for Identification." [18])

Q. (By Mr. Franklin): You have examined this patent, Mr. Gearing?

Mr. Huebner: I think you'd better indicate for the record which one that is, "Plaintiff's Exhibit #3 for Identification"?

Mr. Franklin: Yes.

Q. (By Mr. Franklin): Will you state, generally, what it is for?

A. It's a machine for sacking small grains or sugar, or similar articles.

Q. Does it have a platform, including an elongated surface with container stations from the ends thereof, to a central open locus?

A. (Perusing document): No.

Q. Take the first figure "1" there, (counsel points to place on document) how many bags are handled on that?

Plaintiff's Exhibit 16—(Continued)

(Deposition of Harry Gearing.)

A. (Perusing patent): One.

Q. And is it vibrated?

The Witness: (Nods head in the affirmative.)

Q. Does it have any means for vibration of the bag?

A. Yes, it's vibrated by a crank—(Pause)—and limited in that vibration by some of the length of—(Pause)—the stroke being taken up by springs—(Pause)—so that the vibration shall be soft and rapid, rather than long—(Pause)—so that the vibration shall be soft and a rapid, rather than a long, harsh stroke. [19]

Q. Is the vibration of that mechanism violent, or did you say—

A. It's short and soft—(Pause)—It's shortened by the springs, so that it will be a vibratory motion without shock.

Q. What's the function of the spring?

A. To absorb the shock, so as to change the expression of the stroke at each end of the crank.

Q. Do the springs form a shock absorber?

A. Yes.

Q. Is there a shock absorber on the E. A. Ernst patent in suit, re-issue 22,740? Just let us get the number on that. That's "Re-issue 22,740," is that right?

A. Yes.

Q. Is there a shock absorber on E. A. Ernst patent in suit #22,740; is there a shock absorber for vibrating the jiggerboard?

A. No.

Plaintiff's Exhibit 16—(Continued)
(Deposition of Harry Gearing.)

Q. Would a shock absorber on that jiggerboard be desirable?

A. No, you might just as well cut down on your crank movement.

Q. What would you say is the vibration of this jiggerboard in this patent in suit?

A. (No response.)

Q. Well, is it soft, or smooth, or is it a violent [20] vibration?

A. It's intention is to be sharp and hard, so as to give a jar to the article and make it move from one position to another.

Q. Is that hard vibration you speak of—does that have any relation to the product that is handled by the machine?

A. The finer the particle—(Pause)—The finer the product—(Pause)—the more vibration is necessary and the smaller the vibration.

Mr. Franklin: Well, I am speaking of—

Q. (By Mr. Franklin): This machine handles potatoes and other articles? You say that this had a harsh, violent vibration; is that necessary for that particular article?

A. Well, it's more or less necessary so as to shake such an article as a potato or lump—(Pause)—to make it jump—(Pause)—to make it settle from one place to another.

Q. What is the Stehlin patent? What does that handle? Sugar and small grains, doesn't it?

Plaintiff's Exhibit 16—(Continued)

(Deposition of Harry Gearing.)

A. (Perusing documents): Sugar and small grains.

Q. In this Stehlin patent, on page 2 of the specifications——

The Witness: Which one are you referring to?

Mr. Franklin: That is the Stehlin patent, column 1, down about line 50. (Indicating.) [21]

“I preferably provide spring means for controlling and smoothing out or damping the otherwise violent action of the vibrating platform, and to this end I may provide a shock absorber, which may be constructed, for example, as illustrated in Fig. 5.”

Mr. Franklin (Indicating to witness): Right there.

(Witness peruses place indicated in document.)

Q. (By Mr. Franklin): Do you consider that necessary for handling grains, such as sugar?

A. Well, it has a beneficial effect, because if small grains are thrown with too harsh a movement, they will pack, and the only action desired in the settling of grains is to overcome what might be called “caving.” If you try to settle fine material into a sack, it will form a “cave”, or a hollow, in the center of the sack, and this soft vibratory motion makes that cave fill in.

Q. Would you consider the vibrating motion in the Stehlin patent sufficient to handle potatoes, oranges, and articles of that kind?

Plaintiff's Exhibit 16—(Continued)
(Deposition of Harry Gearing.)

A. I wouldn't think it was necessary because you would be absorbing half of the beneficial stroke in the springs in transmitting it to the article you were trying to shake into position.

Q. Well, would that give a proper vibration to settle potatoes into sacks? [22]

A. No, it would be too find a vibration.

Mr. Franklin: All right. I believe that we have already had that marked for identification. That's "Plaintiff's Exhibit #3 for Identification."

Q. (By Mr. Franklin): Now, take the patent of Fuerste #420,149, patented January 28, 1890, "Working Beet Churn." May I ask you if you have examined that patent?

(Addressing the Notary): May I suggest that you mark it for identification?

(The said document so handed to the Notary and Court Reporter, was thereupon marked "Plaintiff's Exhibit #4 for Identification.")

Mr. Huebner: You are just having these marked for the purposes of identification, aren't you?

Mr. Franklin: Yes. All I wish is to have these marked for identification. The next one is Exhibit 4.

(Addressing counsel): I would like to retain these patents in my possession. They will be on hand when we read these depositions into the record in court. I want to retain them because I will have to do considerably more studying on this case before we go to trial.

Plaintiff's Exhibit 16—(Continued)

(Deposition of Harry Gearing.)

Mr. Huebner: Yes, we will have to do some more studying, too. I think we can stipulate as to that.

Mr. Franklin: Yes.

Q. (By Mr. Franklin): Will you state if you studied that patent?

A. (Perusing Plaintiff's Exhibit #4 for Identification): Yes.

Q. And are you familiar with it?

A. Yes, I think so.

Q. State what it is.

A. It's a churn for testing cream.

Q. How does it test it?

A. The cream is placed in vials, and locked in what I would call a "basket", and then shaken back and forth to produce the cream.

Mr. Huebner (Addressing the reporter): Will you be good enough to read the last question and answer, please? [24]

(The last question and answer were read by the reporter, as follows:

"Q. How does it test it?

A. The cream is placed in vials, and locked in what I would call a 'basket', and then shaken back and forth to produce the cream.")

Mr. Huebner (Addressing the reporter): Thank you.

The Witness: I will change that to "butter".

Q. (By Mr. Franklin): Well, for what purpose?

Plaintiff's Exhibit 16—(Continued)
(Deposition of Harry Gearing.)

A. For testing different samples of milk, because in two quarts of milk, those two quarts of milk may have a different butter fat.

Q. That's for testing? A. Yes.

Q. Does that machine have a platform?

A. (Examining patent): No.

Q. Does it have a platform, including an elongated surface with container stations from the ends thereof? A. No.

Mr. Franklin: All right. We will take up the next patent here (indicating) to Buschmann #435,681, September 2, 1890. First, we will have this marked as "Plaintiff's Exhibit No. 5 for identification."

(Addressing the Notary): Will you please mark it?

(The said document was thereupon marked "Plaintiff's Exhibit No. 5 for identification".)

Q. (By Mr. Franklin): Will you examine that patent, Mr. Gearing? (handing witness document)

A. (Perusing document): Yes.

Q. Does it have a platform?

A. (Examining patent): No.

Q. Does it have a platform, including an elongated surface with container stations from the ends thereof? A. No.

Mr. Franklin: All right.

Q. (By Mr. Franklin): Going back to this

Plaintiff's Exhibit 16—(Continued)

(Deposition of Harry Gearing.)

Stehlin patent, and referring to Figs. 9 and 12, does it have a support for the bags?

(The witness nods his head in the negative.)

Mr. Huebner: Answer so the reporter can get it.

The Witness: "No."

Q. (By Mr. Franklin): Well, I will ask you, does it have a jiggerboard on it? A. No.

Q. Does it have a platform, with, or including an elongated surface containing stations from the ends thereof?

The Witness: Will you let me have that question again, please?

Q. (By Mr. Franklin): Does it have a platform with an elongated surface containing stations from the ends thereof? A. No.

Q. Well, state, generally, what form that Stehlin patent consists of?

A. (Perusing "Plaintiff's Exhibit #3 for Identification"): According to Fig. 9, it's a round table, having a hopper in the center which feed into locations where an operator would stand and place a sack underneath—(Pause)—a round table having hoppers in the center which feed into locations where an operator would stand and place a sack under them—(Pause)—underneath the mouth of the hopper, and the sack would receive a vibratory motion from the shake of the table top.

Q. And that's a circular table, is it?

Plaintiff's Exhibit 16—(Continued)
(Deposition of Harry Gearing.)

A. Yes.

Q. Does that circular table rotate?

A. No. It oscillates by the crank motion.

Mr. Franklin: All right.

Q. (By Mr. Franklin): Now, would it be possible to feed the bags from that device in a straight endless conveyor successfully?

A. (Examining patent): No.

Mr. Franklin: All right.

Q. (By Mr. Franklin): I will hand you the patent of Bradbury, #826,988, for grain separator, and ask you to state, generally, what that patent is. (Handing witness document.)

Mr. Huebner: Are you going to ask the reporter to mark that one? [28]

Mr. Franklin: Yes. (Handing document to Notary) That will be marked "Plaintiff's Exhibit #6 for Identification."

(The said document so handed to the Notary by counsel for the plaintiff, was thereupon marked "Plaintiff's Exhibit #6 for Identification." [29])

Q. (By Mr. Franklin): What sort of a machine is that?

A. (Perusing "Plaintiff's Exhibit #6 for Identification"): It's a grain separator whereby the grain is passed over screens, depending on the pressure of the air, the lighter particles such as chaff,

Plaintiff's Exhibit 16—(Continued)

(Deposition of Harry Gearing.)

and so forth, are blown away from the grain, and the grain is separated from the gross material, as it comes into the machine.

Q. (By Mr. Franklin): In other words, it separates the wheat from the chaff? A. Yes.

Q. Is that right? A. That is right.

Q. Now, does that machine have a platform, including an elongated container station or stations from the ends thereof?

(Witness shakes head in the negative.)

Mr. Huebner: You're nodding your head again, Mr. Gearing. He (indicating the reporter) doesn't get the nod.

Q. (By Mr. Franklin): I say, does that machine have a platform with elongated container stations from the ends thereof, for supporting bags?

A. No.

Q. Is it a bagging machine?

A. This may be or may not be. (examining patent) I don't know about that. (Pause) Some of these machines are bagging machines. (Pause) They bag with them. (Pause) [30] This doesn't show any direct means for bagging that I can see. (Pause) This is intended mostly to be a cleaning machine.

Q. Does it have any means of vibrating the platform for supporting the bags? A. No.

Mr. Franklin: All right.

Q. (By Mr. Franklin): Now, I will show you

Plaintiff's Exhibit 16—(Continued)

(Deposition of Harry Gearing.)

the patent to J. Broussard, #1,014,444, (handing witness document) "Bag Filling Machine."

(Addressing the Notary): Will you mark that as "Plaintiff's Exhibit #7 for Identification?"

(The said document was thereupon marked "Plaintiff's Exhibit #7".) [31]

Q. (By Mr. Franklin): How many bags does that machine fill? (Referring to "Plaintiff's Exhibit #7 for Identification.")

A. (Perusing document): Two.

Q. When you fill the two, do you have to take them off and put new ones on, unfilled?

A. Yes, they have to be removed and new ones put in their place.

Q. Two at a time? A. Yes.

Q. Does that machine have a platform including an elongated container station at the end thereof?

A. No.

Q. In which a plurality of bags are supported in the container stations? A. No.

Q. I will hand you the patent to Naeher No. 1,719,124 "Bag Filling Machine."

(Mr. Franklin hands the document to the Notary.)

The Notary: You are asking that this be marked "Plaintiff's Exhibit No. 8 for Identification"?

Mr. Franklin: Yes.

Plaintiff's Exhibit 16—(Continued)

(Deposition of Harry Gearing.)

The Notary: This document which you have just handed me?

Mr. Franklin: Yes.

(The said document was thereupon marked by the Notary "Plaintiff's Exhibit No. 8 for Identification".)

Q. (By Mr. Franklin): Does that machine have a platform including an elongated surface with container stations from the ends thereof, in which stations are supported bags to be filled? [32]

A. (Perusing patent): No.

Q. (By Mr. Franklin): Well, I will hand you the British patent to Daniel Belcher, No. 397,679 (handing witness document), and ask you to examine it.

Excuse me. First I will ask the Notary to mark that for Plaintiff's Exhibit #9 for Identification.

(The said document was thereupon marked by the Notary for "Plaintiff's Exhibit #9 for Identification.") [32-a]

Q. (By Mr. Franklin): Does that have a platform on it? (referring to "Plaintiff's Exhibit #9")

A. (Perusing patent): No.

Q. How are the bags handled on that machine?

A. (Examining document): From the drawings, I would say that the bags are brought to the machine filled. They enter the machine and are sized by passing between the belts "50" and passing from

Plaintiff's Exhibit 16—(Continued)

(Deposition of Harry Gearing.)

there (indicating) onto a damping table which packs the material into the sack.

Q. (By Mr. Franklin): Are those bags stationary on the table, or are they movable?

A. No, they move along all the time.

Q. What moves them along?

A. The friction of the belts "50."

Q. The belts "50", what is that?

The Witness: The friction of the belts "50" here. (indicating) [33]

Q. Just state what that belt is and what it does.

A. Well there is a belt "42" on the bottom and the belts "50" are on the two sides and as the bag is placed between these belts "50" it rests on the belt "42" and it travels for a certain distance between these two belts resting on the lower belt. As it passes out of there, it has been sized to a certain size, then passes between two sideboards "19", a bottom board I would say rests on it (pause) or as it leaves the movable belt "42" it has an up and down motion which has the tendency to tamp the material so it will rest at the bottom of the sack.

Q. (By Mr. Franklin): "Up and down;" how is that?

A. (Perusing patent.) By means of a crank and a link fastened at the bottom of the table, near the center.

Q. Near the center of the board?

A. Yes.

Plaintiff's Exhibit 16—(Continued)

(Deposition of Harry Gearing.)

Q. You say it moves the board up and down, in the center——

A. It moves the board up and down, like that (witness illustrates) so as to tamp the goods into the sack.

Q. Is that board vibrated by a longitudinal reciprocal motion? A. No, by vertical crank.

Mr. Franklin: All right. "By vertical crank."

Q. (By Mr. Franklin): During the operation of the machine, are those bags in motion on the machine, or are they [34] at rest?

A. No, they are moving, all the time.

Q. They are moving all the time through the machine? A. Yes, through the machine.

Q. Moving all the time through the machine?

A. Yes.

Q. Do you find a platform with elongated surface with container stations at the ends thereof?

A. (Witness nods head in the negative.)

Q. In that machine? A. No.

Q. Now, I will hand you the patent of Felix von den Wyngaert, a German patent, No. 69746—(handing witness document).

Mr. Huebner: Are you going to identify that?

Mr. Franklin: Yes. That's "Plaintiff's Exhibit 10 for identification."

(Addressing the Notary) Will you please mark it?

Plaintiff's Exhibit 16—(Continued)

(Deposition of Harry Gearing.)

(The said document so handed to the Notary by counsel for the plaintiff was thereupon marked "Plaintiff's Exhibit 10 for identification.") [35]

Mr. Franklin: All right.

Q. (By Mr. Franklin): Is there a patform including an elongated surface, with container stations at the end thereof?

A. (Perusing patent.) No.

Q. Is there any means of vibrating the bag?

A. There is a crank means for oscillating a pad, which hits the bag on the side, the bag being hung from its neck.

Q. A "pad," what is that? Does it strike it?

A. It strikes the side of the bag.

Q. What does it do, beat it?

A. Yes, it beats the bag.

Q. I will hand you the patent of Peter Steimel, a German patent, No. 512780. (Handing witness document.)

Mr. Huebner: Are you going to have that marked, too? Are you going to identify it?

Mr. Franklin: Yes, that will be "Plaintiff's Exhibit 11 for identification."

(To the Notary): Will you mark it, please?

(The said document was thereupon marked by the Notary "Plaintiff's Exhibit 11 for identification.") [36]

Plaintiff's Exhibit 16—(Continued)
(Deposition of Harry Gearing.)

Mr. Franklin (Addressing the Notary): Please mark these for purposes of identification.

(The said documents were marked respectively "Plaintiff's Exhibit No. 11 for identification and Plaintiff's Exhibit No. 12 for identification.") [36-B]

Q. (By Mr. Franklin): Have you studied that patent, Mr. Gearing? A. Yes.

Q. How many bags does that handle at a time?

A. One.

Q. Does it have a platform, including an elongated surface with container stations at the ends thereof? A. (Examining patent): No.

Q. Is the bag vibrated in any way?

A. The bag is hung from a hopper and struck by pads on the side.

Mr. Franklin: All right. Now, we will take up the F. J. Ernst patent again, "Plaintiff's Exhibit 1" for identification, and referring to that part indicated—(handing witness document).

A. (Perusing patent): "52"?

Q. (Examining document): Yes, "52". State the purpose of that board (indicating)?

A. It's a baffle to control the flow of potatoes. (Perusing document) Or like articles into the bags.

Q. How is it mounted on the machine?

A. It is mounted on two long rods, which run the length of the machine (pause) so that it is

Plaintiff's Exhibit 16—(Continued)

(Deposition of Harry Gearing.)

loosely slidable from one end of the machine to the other.

Q. Does it have a lock for locking it into any position? [37] A. (Examining patent): No.

Q. And did you state the purpose of it?

A. It's for controlling the flow of the potatoes into any given bag.

Q. It directs the potatoes into any given bag?

A. Yes.

Mr. Franklin: All right.

Q. Now, you say it is adjustable along the rods?

A. It is movable along the rods.

Q. Now, when the potatoes strike against it, do they move it? A. No.

Q. How is it held in position?

A. The sleeves have a natural clutching action which would have a tendency to make it stay wherever it's put.

Q. Do you mean by that a binding action?

A. A binding action.

Q. By striking against the plate?

A. By the potatoes striking against the plate it gives it a binding action.

Q. Does that tend to move the sleeves out of parallel, on which the sleeves are mounted?

A. It does tend to move them (pause) and gives them that gripping action.

Q. In the event of a lot of potatoes piling up on [38] there, in case it should be moved out of

Plaintiff's Exhibit 16—(Continued)

(Deposition of Harry Gearing.)

position for one reason or another, what would the operator of the machine do in a case like that?

A. Draw it back into place. (Witness indicates.)

Mr. Franklin: Yes.

Q. Does it—(To reporter)—strike that out.

Does the operator move that baffle plate "52" from one place to another?

A. He moves it from station to station as the bag is filled.

Q. As one bag is filled, he moves it to the next station to fill the next bag?

A. (Witness nods head in the affirmative.)

Mr. Huebner (Addressing witness): Keep your voice up. The reporter can't get your nod.

Q. (By Mr. Franklin): As one bag is filled he moves it to the next station to fill the next bag; is that right? A. That's right.

Mr. Franklin (Examining document): Let's see, I think there were four new patents set up. (Addressing counsel.) Weren't there?

Mr. Huebner (Addressing reporter): This is off the record.

(Discussion.)

Mr. Franklin (After discussion): All right.

Q. Now, I will hand you the patent to Charles C. Blank, No. 805625, dated July 8, 1905. (Handing witness document.) Does that patent have a plate extending out to an acute angle connected at its

Plaintiff's Exhibit 16—(Continued)

(Deposition of Harry Gearing.)

ends to loose sleeves on a pair of rods or bars so that the plate is positioned obliquely across the belt for the purpose of manual movement over the belt?

A. (Examining patent): I don't think it has a pair of rods (pause) it had a web-shaped member that is guided by a rod and pulled along by a chain.

Q. Is it mounted on rods for manual movement from one station to another and allowed to rest?

A. No, it's supposed to move continuously.

Q. If it moves continuously, would it be possible to hold it at rest for the purpose of filling each bag independently?

A. I don't think it is intended for filling bags.

Q. Well, what does it do?

A. It receives the crackers which properly come from traveling ovens (pause); they move continuously (pause) directly from belt "3" (pause) if it comes from the rail it would be (pause) it scatters them the whole length of the machine (pause). The crackers would then travel along the belt "2" and meet the shearer plate (pause) we might call it such "11" (pause) which scatters them to each side onto the tables "5," (pause) and they [40] are prevented from falling to the floor by rails "7" (pause); girls stand at the side of the table and pack them into the boxes right there at the side.

Q. You say it scatters them all along the whole length of the machine?

A. Yes, it scatters them all along the whole

Plaintiff's Exhibit 16—(Continued)

(Deposition of Harry Gearing.)

length of the machine (pause); I say that because I have seen tons of them done.

Q. It doesn't put them in the bags, then?

A. No, the girls pick them up and pack them.

Mr. Franklin: All right.

Q. I will hand you the patent of S. W. True, No. 1,369,502, which states:

"The present invention relates to improvements in conveyor systems, and while the invention is especially designed for handling packages or boxes of fruit, it will readily be understood that other articles or material may be handled or conveyed by the endless conveyor which forms the subject matter of this invention."

Mr. Huebner (Addressing counsel): Excuse me, is that patent marked yet for identification?

Mr. Franklin (Addressing reporter): Will you mark it, please?

(The said document was thereupon marked "Plaintiff's Exhibit 13 for identification.")

The Notary: That, gentlemen, is "Plaintiff's Exhibit 13" for identification, S. W. True, No. 1369502.

Mr. Huebner (Addressing the Notary): Thank you.

(The witness is studying a document.)

Mr. Huebner: Pardon me, is there a question pending?

Plaintiff's Exhibit 16—(Continued)
(Deposition of Harry Gearing.)

The Notary: There is no question pending, gentlemen.

Mr. Franklin: May I have that.

(Addressing the witness): I am not going into all that.

(The witness hands Mr. Franklin the document which the witness has been perusing.)

Q. (By Mr. Franklin): Now, referring to Figure 7, there is a diagonal plate "36" which is held in position by what is called "brackets" Figure 37. (Handing witness documents.)

Do you see it?

A. (Examining patent): Yes.

Q. That machine handles packages and boxes of fruit, as stated there; would it be necessary to lock that diagonal plate into position to divert bags of vegetables and fruit from one side to the other?

A. (Perusing patent): Yes.

Q. Why.

A. Because in that case they would be loading packages anywhere from fifty to one hundred pounds.

Q. Does the patent and specifications provide anywhere, [42] if that plate is locked into position, to divert the boxes of fruit to one side?

A. (Examining patent): The arm is arranged obliquely across the belt in brackets "37," forming part of frames "8" and "8'" and for supporting

Plaintiff's Exhibit 16—(Continued)

(Deposition of Harry Gearing.)

these endless belts and the guides, or switch members, are of sufficient strength and proper material to withstand the impact of a box being carried on the belt.

Q. If it were not locked, would it be moved out of position by boxes of fruit striking against it?

A. Yes.

Q. Does the patent describe any locking means for locking that plate into its diagonal position, the parts "37," brackets?

A. Uh-huh. (Witness examines patent.)

(Continuing): Well, the brackets "37" are parts of the frame, and therefore must be integral with it, and I would judge they are placed, as this patent states, (pause) at predetermined places (pause) and therefore locked into position.

Q. Well, the patent does describe the plate as portable, but does it describe how it may be taken from one position and put into another?

A. The guide arm or switch arm is portable and may be (pause) at any convenient point, for the purpose of transferring boxes from one belt to another belt. [43]

Q. What page and what line were you reading from, Mr. Gearing?

A. I was reading from page 95 (pause) to 100.

The Notary: Beginning at page 95 and ending at 100, Mr. Gearing?

The Witness: Yes, page 95 to 100.

Plaintiff's Exhibit 16—(Continued)

(Deposition of Harry Gearing.)

Q. (By Mr. Franklin): But does it describe how those brackets may be held against movement with boxes of fruit striking against the plate?

A. (Examining the patent): The brackets "37" forming parts of the frames (pause) they are part of the frames (pause), they are built right into the frames and the guide handle drops between the brackets "37"—

Q. So, would you say the brackets would have to be stationary on the frame as you move the plate from one station to another?

A. (Examining patent): Yes.

Mr. Franklin: All right.

(To witness): Let me see that patent just a minute.

(The witness hands counsel document.)

Q. (By Mr. Franklin): On page 2, there is a statement, Column 2, beginning on line 75, "This arm is arranged obliquely across the belt 4 in brackets "37," forming parts of the frames "8" and "8" for supporting these endless belts and the guides or switch members are of sufficient strength and of the proper material to withstand the [44] impact of a box being carried on the belt 4. Thus, as the first box encounters the guide arm "36" it is shunted obliquely toward the belt "35" traveling in the same direction as the belt 4—Would you say that construction is necessary where it states that the guides are of sufficient strength and of proper

Plaintiff's Exhibit 16—(Continued)

(Deposition of Harry Gearing.)

material to withstand the impact of the boxes carried on the belt?

A. (Witness nods head.)

Mr. Huebner (Addressing the witness): Speak up so the reporter can get it.

The Witness: No.

Q. (By Mr. Franklin): Now, we will take the C. MacBeth patent, No. 1465619, conveyor for vulcanizing presses. (Handing witness document.)

Is that a bagging machine?

A. (Examining patent): It's a vulcanizing press.

Mr. Franklin: All right.

Q. For vulcanizing—— A. ——tires.

Q. ——automobile tires? A. Yes.

Q. Rubber tires? A. Yes.

Q. How are the tires put into the press?

A. They travel along the tracks "B" being pulled by the chain (pause) I am looking for a number (pause)—— [45]

The Witness (Addressing the Notary): Will you let me have my answer?

(Last answer read by the reporter as follows:

"They travel along the tracks 'B' being pulled by the chain——")

The Witness: By the chain "B-1."

Q. By Mr. Franklin: Capital "B-1?"

A. Yes. The chain has at certain intervals an

Plaintiff's Exhibit 16—(Continued)

(Deposition of Harry Gearing.)

upstanding gear, "B-2," that contacts the mold as it is drawn along the track and it draws it along the track until it reaches the chamber in which the mold is to be placed to be vulcanized.

Q. "In which the mold is to be placed to be vulcanized?"

A. Yes. The mold then slides down the guider into the vulcanizing chamber and the head is lowered into the chamber and the tires locked (pause) and the tires vulcanized.

Q. When you say the "mold;" where is that?

A. (Perusing patent): The mold is "F." There it is (indicating).

(Mr. Franklin and the witness are perusing the patent.)

Q. Oh, the mold! With the tire in the mold?

A. With the tire in the mold, yes.

Q. The mold with the tire in it is conveyed along the conveyor?

A. Along the conveyor (pause) yes. [46]

Q. Thence to a press! How is it delivered to the press?

A. It travels over an apron (pause). When it reaches the press. (Examining document.) It slides along (pause) down into the press.

Q. Is that apron adjustable along the conveyor?

A. No, I would say not (pause) because if you

Plaintiff's Exhibit 16— (Continued)
(Deposition of Harry Gearing.)

move the apron you would have to move the press and you don't move the apron very often.

Q. There is only one press?

A. Only one press shown here.

Mr. Huebner: Has that been identified?

Mr. Franklin (Addressing the Notary): Make that "Plaintiff's Exhibit 14" for identification.

(The said document was thereupon marked by the Notary "Plaintiff's Exhibit 14" for identification.) [47]

Mr. Franklin: Now, we will take the patent of P. A. Paisley, No. 1,818,427, (Addressing the Notary). And that will be "Plaintiff's Exhibit 15" for identification. Will you mark it.

(The said document was thereupon marked by the Notary "Plaintiff's Exhibit 15" for identification, and the same appears in the following words and figures, to-wit:) [48]

Q. (By Mr. Franklin): State, generally, what that patent shows. (Handing witness document.)

A. (Perusing document): This is a mine-loading apparatus.

Mr. Franklin: Yes.

Q. And it loads what?

A. Coal or ore of any kind that may come from a mine.

Q. And loads it into what?

A. Loads it into mine cars (pause) or it could

Plaintiff's Exhibit 16—(Continued)

(Deposition of Harry Gearing.)

load it into freight cars (pause) if you had freight cars (pause) if you had the freight cars there.

Q. Does it have a baffle for the purpose of converting coal into the conveyor?

A. It has a long conveyor belt that passes the coal from the top of the cars and then it has a web-shaped shear plate that is pulled along and then tied into different positions to allow the coal to fill each individual car at a time and as each car is loaded, it is then moved into the next car (pause) and the next car is loaded the same way.

Q. Is that so-called baffle or shearer loosely mounted on rods, to be moved along on rods, or other manual means?

A. It rests on rails which form part of the framework (pause) on the conveyor belt. [49]

Q. Does it have to be locked? A. Yes.

Q. Into its various positions for the purpose of loading coal into the car? A. Yes.

Q. If it weren't locked, what would happen to it?

A. It would be shoved out of place.

Q. Let me take that one.

(The witness hands counsel "Plaintiff's Exhibit 15" for identification.)

Mr. Franklin: Are you willing to stipulate that so far as that shows on your machine, it says a "Central open locus" on one end?

Mr. Huebner: No, we won't stipulate to language like that.

Plaintiff's Exhibit 16—(Continued)
(Deposition of Harry Gearing.)

The Notary: Gentlemen, is this for the record now.

Mr. Huebner: No, this is off the record.

(Discussion.)

Mr. Franklin: What will you stipulate to?

Mr. Huebner: I do not know what we will stipulate to.

(Addressing the Notary): This is also off the record.

(Discussion.)

Q. (By Mr. Franklin): Well, I will ask you, Mr. Gearing, to take this duplicate of one of the interrogatory exhibits 3-3, and I will ask you, if we took this [50] vibratory mechanism out of the center of the machine there, which is connected to the jigger ends of the jigger boards and the vibratory mechanism connected at one end of those jigger boards and the two jigger boards connected at their inner ends, so that the crank connected at one end of the jigger board would vibrate or reciprocate the two jigger boards as a unit; if such a construction like that were operated, would there be any difference in the mode of operation of that construction and the construction of the parts and the results accomplished, as compared to Exhibit 3, with the vibration mechanism connected in the center? A. No.

Mr. Huebner: Just a minute. The witness an-

Plaintiff's Exhibit 16—(Continued)

(Deposition of Harry Gearing.)

swered too rapidly. I would like, first of all, to have the particular photographic print referred to by Mr. Franklin and Mr. Gearing in connection with the last question, marked for identification, because there are two exhibits "3-3's" in the interrogatories and that should be specific as to what exhibit is referred to. And then I want to interpose my objection to the question, after the question is repeated, and in that connection I want to move to strike out the answer to the last question.

Mr. Franklin (Examining documents): There are two Exhibits 3-3. I referred to the exhibit which had reference to the full length of the machine. This (indicating) doesn't do it; this (indicating) only shows a part. [52]

(Counsel peruse exhibits.)

Mr. Franklin: Well, for the purpose of clarification, I will have this exhibit "3"—Interrogatory Exhibit 3, marked by the reporter here taking this deposition, as "Deposition Exhibit."

(Addressing the Notary): Will you please mark it.

(The said document was thereupon marked "Deposition Exhibit" and the same appears as "Plaintiff's Exhibit 16" for identification.)

Mr. Huebner: Now that the photograph has been marked for identification to which the witness referred in answering before, I had time to make

Plaintiff's Exhibit 16—(Continued)

(Deposition of Harry Gearing.)

an objection, I objected to the question, and I move to strike out the answer on the ground that the question was leading; it was ambiguous; it was irrelevant and immaterial, and is also assumes facts not in evidence.

Mr. Franklin: The questions involved defendant's answers to interrogatories which are not in evidence at the present time but will be introduced in evidence at the trial.

I will ask another question:

Q. (By Mr. Franklin): Would it make any difference in the operation and result of the machine if the vibrating mechanism connected at the inner ends with two jigger boards connected at the outer end and the two jigger boards connected together at their inner ends? A. No.

Mr. Franklin (Addressing counsel): I think that will be all, if you want to cross-examine now.

Mr. Huebner: It's four o'clock now.

Mr. Franklin: Do you want to take a little recess?

Mr. Huebner: I think it would be well to take a short recess.

The Notary: You desire to let the record show that it is stipulated that a ten-minute recess may be taken; so [53] stipulated, gentlemen?

Mr. Franklin: Yes.

Mr. Huebner: So stipulated.

Plaintiff's Exhibit 16—(Continued)
(Deposition of Harry Gearing.)

(Whereupon a ten-minute recess was duly
had and taken.)

Cross-Examination

By Mr. Huebner:

Q. Mr. Gearing, as I understand it, you presume to qualify in this case as a patent expert on behalf of the plaintiff; what is your definition of a "patent expert?"

A. One who has a knowledge of patents (pause) understands machinery and its construction and building and who could take a patent and from the patent build a machine.

Q. Do you deem it essential that a patent expert should have a practical knowledge of the art to which he directs his attention? A. I do.

Q. I presume you are fairly familiar with the art involved in the two patents in suit?

A. Yes.

Q. Will you relate what practical experience you have had in this field?

A. Well, I designed from the bottom of the roof the Sparklett's Water Corporation Building, which has a lot of conveying machinery; a special apparatus for filling bottles and so forth. I designed mining machinery where conveyor machinery is used. In many instances and over many years I designed [54] concentrating tables which have to have vibrating motions, generally speaking. I de-

Plaintiff's Exhibit 16—(Continued)

(Deposition of Harry Gearing.)

signed oil well machinery where we use not so many conveyors, but where we use hauling cables and (pause) conveyor apparatus of different kinds. I have designed printing presses in which it is a matter of conveying paper from one place to another for the purpose of the handling of it. I, four years ago, redesigned machines for processing paper for bankbooks, so I eliminated 17 girls and 3 men, doing the work with one girl, so (pause) I think that speaks as to my ability (pause) knowledge of machinery and how it should be built.

Q. When did you build this Sparklett's machine?

A. You mean the machinery for the Sparklett's Water Corporation Building?

Q. Yes.

A. Oh, I presume it must be twenty years.

Q. Approximately twenty years ago?

A. Yes.

Q. When, as you say, was it when you designed the mining machinery?

A. Well, I am doing that from time to time (pause) for the Cottrell Engineering Company.

Q. How far back in years did you do that work?

A. Fifteen or seventeen.

Q. Fifteen or seventeen years ago?

A. 1900 to 1915 (pause) 1900 to 1917. [55]

Q. And when did you first work on oil well machinery? A. 1912.

Q. I take it then from what you say, for twenty

Plaintiff's Exhibit 16—(Continued)

(Deposition of Harry Gearing.)

years back you had a good deal of experience in designing and installing machinery? A. Yes.

Q. Now, what is the actual, practical experience you have had in connection with potato sacking or packing devices?

A. I never had any actual experience with the packing or sacking of potatoes.

Q. You haven't designed any sacking device for potatoes?

A. (Witness nods head in the negative.)

Q. You haven't designed any jigger device for packing potatoes? A. No.

Q. I presume, however, you have seen such machines in operation? A. Yes.

Q. And when did you first engage in their construction; when did you first engage in their observation?

A. That's pretty hard to say (pause) I am around so many plants, so many times, I observe everything going on.

Q. Do I understand you to be of the opinion, Mr. Gearing, [56] that the general machinery experience that you have had in connection with the Sparklett's installation and the mining machinery and the oil well equipment are all related to the case involved in the two Ernst patents in suit?

A. Yes, I would say they are.

Q. Now, as to the machinery you installed in years back, let us say going from 1915 to 1930, let

Plaintiff's Exhibit 16—(Continued)

(Deposition of Harry Gearing.)

us take a span of fifteen years; in the case of the equipment that you installed and designed, were they conveyor systems? A. Yes.

Q. Did those systems include endless belts?

A. Yes.

Q. And the belts were constructed for the purpose of conveying potatoes or other objects from the surface of the belts? A. They were.

Q. Did those machines involve any diverter or shearer plates? A. They did.

Q. Did any of those machines which you designed during any of that fifteen-year period, which we have selected for purposes of illustration, involve vibratory or shaking of material being packed?

A. Not being packed but they did involve vibratory machines for shaking material. [57]

Q. And the particular ones you have in mind were what?

A. Mining machinery for concentrating tables.

Q. And in those concentrating tables, the device or devices for doing the vibrating, I presume, consisted of excentrics or fly wheels, with off-center cranks connected with pitmans?

A. No, they were mostly done with out-of-balance pulleys.

Q. Well, as a patent expert I presume you have heard the phrase "crowded art?" A. I have.

Q. What is your understanding of the phrase "crowded art?"

Plaintiff's Exhibit 16—(Continued) ,
(Deposition of Harry Gearing.)

A. Well, it is an art in which there have been probably so many devices developed that your field may be somewhat limited.

Q. Accepting your definition for the purpose of the next question, the art in which the two patents, Ernst patents in suit here, namely: F. J. Ernst, No. 2,288,159 and E. A. Ernst, Reissue 22,740, are in a crowded art, are they not?

A. When you speak generally, yes, but not in the potato field.

Q. Well, your thought in that connection is that the principle involved in the two Ernst suits have not [58] been directly applied to the packaging of potatoes; is that it?

A. Or similar articles.

Q. The two general principles which are involved in the Ernst patents in suit here, were, however, involved in the manufacture and operation of other packaging equipment?

A. The general principle of vibration, yes.

Q. And the general principle of diverting by means of a shear plate, shoving articles off an endless belt, that was also very old, wasn't it?

A. For package of materials, yes.

Q. Well, now, what would you say as an expert, Mr. Gearing, is new in the F. J. Ernst patent in suit, No. 2,288,159, a copy of which is marked for identification "Plaintiff's Exhibit 1?" And I ask that question of you as an expert for the purpose of

Plaintiff's Exhibit 16.—(Continued)

(Deposition of Harry Gearing.)

having you give us your opinion, and in answering the question do not refer to the names of the patent, but give your own opinion of what you think is new in this disclosure.

A. (Perusing Plaintiff's Exhibit 1 for identification): Well, I think what is new in the disclosure is the convenient arrangement of the sacks receiving the potatoes (pause) the means by which the potatoes are forced to compact themselves in the sack and means of converting them easily from one sack to another. [59]

Q. And that is all disclosed in the Ernst patent in suit, No. 2,288,159, which has been marked for the purposes of identification "Plaintiff's Exhibit 1?"

(Addressing the Notary): You had better add to my question "is it?"; the inflection doesn't show on the paper!

A. (Perusing "Plaintiff's Exhibit 1" for identification): I can't say it shows the vibratory means there (indicating)—(pause)—no, it doesn't show the vibratory means there.

Mr. Huebner: Well, now, will you please read, Mr. Reporter, Mr. Gearing's answer to my last question.

(Last answer read by the reporter.)

Mr. Huebner (Addressing Reporter): Thank you.

Plaintiff's Exhibit 16—(Continued)
(Deposition of Harry Gearing.)

Q. (By Mr. Huebner): Now, you are amending your answer as to the question of what is new in this "Plaintiff's Exhibit 1" for identification, to eliminate from your answer the vibratory means and with it the so-called means of compacting the potatoes into the sacks? A. Yes.

Q. Now, will you please, after reconsidering this answer to the question so that the record will be clean, what, in your opinion, is new in the drawing and description and in claims of the Ernst patent No. 2,288,159, in suit, "Plaintiff's Exhibit 1" for identification?

A. (Examining document): Well, after reading the specifications of the patent the sack-holding means to [60] which the mouth of the sack is attached, is hinged on a rod and can be shaken by the operator to compact the potatoes.

Q. That is one of the new features in this patent, is it?

A. In this one here (pause), yes. And the shearer plate for guiding the potatoes into each individual sack, as one or the other may be filled.

Q. The shearer plate, as a broad element, is not new in the Ernst patent, is it?

A. It is new with reference to items such as potatoes and things like that, it is not new with references to packages.

Q. And it is not new with reference to mining equipment, is it?

Plaintiff's Exhibit 16—(Continued)

(Deposition of Harry Gearing.)

A. No, we don't use the shearer plates in mining equipment.

Q. Well, you use angular diverting boards, do you not? A. No.

Q. Now, what, specifically, is new in the shearer plate arrangement in Ernst patent in suit, No. 2,288,159, "Plaintiff's Exhibit 1" for identification, besides its use for the purpose of packaging potatoes, as part of the prior art, I mean by that, applying the prior art to Ernst patent in suit here "Plaintiff's Exhibit 1" for identification? [61]

A. The Ernst shearer plate can be readily moved to any position along the belt, while most shear plates are moved and bolted into a definite position, because they have to stand considerable shock.

Q. Well, is it a fact that the Ernst shearer plate is broadly movable, longitudinally along the belt, or is it new by reason of the specific detail by which he, Ernst, mounts the plate to enable it to be moved?

A. Well, the fact is that he would have to have a shearer plate that he could readily move, therefore, he would have to devise some means to readily move it, but when left to itself it would remain largely at rest.

Mr. Huebner: I don't think you got quite the significance of the question, and I would like you to reconsider it and answer it again. I will ask you another question:

Plaintiff's Exhibit 16—(Continued)

(Deposition of Harry Gearing.)

Q. I will ask you this question, Mr. Gearing: Is it your opinion that the feature of the Ernst shearer plate of Patent No. 2,288,159, "Exhibit 1" for identification, is movable, that that contributes to the novelty, or is the novelty in your opinion in the specific details by which Mr. Ernst mounted this shearer plate and rendered it movable?

A. I would say both. (Pause)

(Witness studying patent): In the fact that he made the construction so he could move it a little or great (pause) as shown in the specifications (pause) as desired; [62] and he made the construction so that it was very, very simple and so that it could be moved by hand very readily, but on coming to rest it would, being contacted by the potatoes in an uneven manner (pause) it would automatically hold itself in position.

Q. Ernst didn't use a latch on this assembly plate, did he? A. No.

Q. He accomplished what you call a clutching or binding action—I believe that is what you said?

A. Yes.

Q. (Continuing): —by the use of sleeves, slidable along the parallel rods? A. Right.

Q. Is that right? A. Right.

Q. Now, in the Ernst patent, "Plaintiff's Exhibit 1" for identification, upon what are the potato sacks resting?

A. They are resting on platform "51."

Plaintiff's Exhibit 16— (Continued)

(Deposition of Harry Gearing.)

Q. Is that platform "51" stationary or mounted, for vibration or oscillation?

A. It's stationary (pause) it's mounted so it could be raised up and down depending on the length of the sacks but it doesn't vibrate.

Q. Now, with your background of engineering experience, [63] if you were shown this Ernst patent, "Plaintiff's Exhibit 1" for identification, with this stationary platform "51" and told it would be desirable to shake the sacks of potatoes while they were being filled, what would you as an engineer or one skilled in this art, do to accomplish that purpose?

A. I would work out some means for vibration.

Q. Now, in working out some means for vibration, would it be necessary, obviously, to suspend the platform "51" by a flexible or yieldable suspension means? A. Yes.

Q. Would it also be obviously necessary to couple with the platform some form of excentric or pitman or crank or off-center pulleys in order to impart a vibratory motion to the platform?

A. Yes.

Q. Now, taking into consideration those modifications included in the last two questions that I have asked you, Mr. Gearing, they would not present a difficulty or insurmountable problem to you as an engineer with your background, would they?

Plaintiff's Exhibit 16—(Continued)

(Deposition of Harry Gearing.)

A. Probably not a great deal, because of my vast and wide experience.

Q. By the way, where did you observe potato sacking machines of the character shown in the two patents in suit, in operation? [64]

A. I didn't see any actual potato sacking machines.

Q. You haven't seen any machines then which were purposed to have been built under the two Ernst patents in suit? A. No.

Q. Now, Mr. Gearing, if this Ernst patent, "Plaintiff's Exhibit 1" for identification, were exhibited to you, and you were retained as an engineer and a man skilled in the art to design a shearer plate mounting consisting of the sleeves and the parts, slidable along parallel rods, as shown in the drawing, what are some of the alternatives that you, as an experienced man, would adopt?

A. Well, I might hold it with set screws (pause) or I might put a latch of some kind on (pause) but if I put a latch on, that would, to some extent, predetermine where it would stay (pause) but all that would add to complication and expensive machinery.

Q. What alternatives might occur to you as an experienced man in this art, by way of substitution of the sleeves themselves?

A. The only thing I would say would probably be a U section that would be dropped over the rods (pause) but the danger of that would be that the

Plaintiff's Exhibit 16—(Continued)

(Deposition of Harry Gearing.)

potatoes would force it up (pause) so that that wouldn't be very satisfactory. [65]

Q. What would you think of substituting a trolley on a rail or even on a rod in lieu of the sleeves shown there in the patent?

A. It could be substituted but it would be far more expensive.

Q. Have you seen in the prior art patents, any such substitute?

A. In one of them it's specifically stated (pause) it states that there are stations there which form part of the framework (pause) and then the shearer plate is simply picked up and dropped into stations (pause) but they have to be put in predetermined places in the stations and not where you wish. [66]

Q. Have you seen any places in the Prior Art Patents where the shearer blade is shifted along a moving belt for selective location by means of being mounted on a dolly or a wheeled carriage or framework?

A. No, I don't remember (pause). I haven't.

Q. Have you seen any such mechanism in your practical experience in the field?

A. Well, they use something similar to that in connection with cameras, but that is only to guarantee it shall be capable of being moved about (pause), but it has tracking equipment or a gear so that one can't be moved any faster than another.

Q. In view of your general knowledge with a

Plaintiff's Exhibit 16—(Continued)

(Deposition of Harry Gearing.)

wheeled carriage or framework moveable along a rod or a rail or a track would it be equivalent in general function to the sleeve mounting in the Ernst patent, 'plaintiff's Exhibit No. 1 for identification'?

A. Yes.

Q. And in that case, it would only be necessary to utilize some sort of a latch or a catch to hold the plate at some selected position; is that right?

A. That's right.

Q. Well, if you were shown a Prior Art patent which disclosed a shear plate carried by wheels or trolley pulleys on a rod or a track for the purpose of supporting and enabling positioning of a shear plate, what then would [67] you say as an expert is novel in the Ernest device "Plaintiffs Exhibit No. 1"?

A. The very simplicity of it.

Q. It is your opinion then that the simplicity sleeve construction; illustrated in "Plaintiff's Exhibit No. 1 for identification" would impart the novelty, in the Ernest patent, in suit?

(The witness nods head in the affirmative.)

Mr. Huebner: It is quite late, I do not know how long you want to run?

Mr. Franklin: How long will it take you to complete your examination?

Mr. Huebner: A couple of hours. We might discuss it a minute.

Plaintiff's Exhibit 16—(Continued)

(Deposition of Harry Gearing.)

(Addressing the reporter): This is off the record now.

(Discussion.)

Q. (By Mr. Heubner): I will get back on the record and indicate the next two questions, and then maybe you will want to get into a huddle on it.

(Addressing counsel): Have you got those two German patents there?

Mr. Franklin (Addressing his file clerk): I think so.

(Mr. Franklin hands to Mr. Huebner a document.)

Mr. Huebner: Thank you. (Examining documents.) I think they were marked.

Mr. Franklin: I think they are. [68]

(Mr. Huebner hands Notary two documents which the Notary marks for Mr. Huebner respectively "Plaintiff's Exhibit No. 10 for identification" and "Plaintiff's Exhibit No. 11 for identification.")

Q. (By Mr. Huebner): Now, Mr. Gearing, directing your attention to Plaintiff's Exhibit 10 for identification, the German Patent No. 69746 and also Plaintiff's Exhibit 11 for identification, a German Patent, No. 512780.

(Handing witness documents.)

Plaintiff's Exhibit 16—(Continued)
(Deposition of Harry Gearing.)

These have no translations attached to them, have they? A. (Perusing documents) No.

Q. I presume you read German? A. No.

Q. Well, have you had these two patents last referred to translated for your benefit?

A. No, sir.

Q. You are not aware then of what is said in the specifications to these two German patents?

A. I am not.

Q. And your testimony with respect to those German patents then was based entirely on your observation and interpretation of the drawings contained in the patents? A. That is correct.

Q. Now, Mr. Gearing, do you consider that the Ernest patent 2,288,159 "Plaintiff's Exhibit No. 1 for identification", is a complicated patent? [69]

A. No, I can't say I do.

Q. Is it your opinion that any intelligent person reading the specifications and making a reference to the drawings would be able to understand the construction and the mode of operation of the device portrayed therein?

A. I would say yes, (Pause) that's the way we are supposed to make patent drawings in patents.

Q. My point was: Is it necessary, Mr. Gearing, for a person to be skilled in the particular art in order to understand the construction and mode of operation of the patent if one examines the drawings and specifications?

Plaintiff's Exhibit 16—(Continued)

(Deposition of Harry Gearing.)

A. I think if he is qualified as a mechanic he ought to be able to read drawings and build the machines from them.

Q. Now, for the moment let us forget about the actual building of the machine and address ourselves to only an understanding of what the machine is supposed to be and how it is supposed to operate; would it take a person skilled in the art to understand it if they had before them the Ernst patent?

A. He would have to be skilled in the mechanical arts, yes.

Q. Now, you have testified as an expert in patent cases in Federal Court, have you not?

A. I have, yes, sir.

Q. Would you say that the average United States [70] District Court Judge would be able from an examination of this Ernst patent in suit "Plaintiff's Exhibit No. 1 for identification" to discern what it is intended to disclose?

A. If he had the aid of an expert (pause), if he were a mechanic (pause) I think he would probably be able to understand it by his own examination.

Q. But you do not think he would be able to do it without the aid of an expert?

A. I think in many cases he would bog down on that.

Q. So that in your opinion you think it would depend on the engineering or mechanical knowledge that a Judge would have?

Plaintiff's Exhibit 16—(Continued)

(Deposition of Harry Gearing.)

(Witness nods head in the affirmative.)

Q. Some have more than others?

No response.

Q. Have you testified before Judge Yankwich?

A. I have.

Q. Do you think he would require for an understanding of this Ernst patent in suit, "Plaintiff's Exhibit No. 1 for identification," your explanation, or do you think that he would be able to understand it by his own examination of the patent?

A. I think he would probably be able to understand it by his own examination (pause). I think he has a mechanical mind.

Q. Would you say the same, would your answer be the [71] same with respect to the Ernst patent in suit "Plaintiffs Exhibit No. 2 for identification?"

A. With reference to Judge Yankwich?

Mr. Huebner: Yes.

The Witness: Yes.

Q. (By Mr. Huebner): Now, Mr. Gearing, directing your attention to reissue No. 22, Ernst Patent in suit, "Plaintiff's Exhibit No. 2 for identification" what, in your opinion, taking into consideration your knowledge of the prior art, is new in this patent?

(Handing witness document.)

A. (Perusing documents): The adaptation of old principles to a new art.

Plaintiff's Exhibit 16—(Continued)
(Deposition of Harry Gearing.)

Q. Now, what are the old principles and what is the new art?

A. The new art, is the sacking of potatoes.

Q. And what are the old principles?

A. The old principles, are motors (pause) or motor power (pause) and proper gearing, and so forth, to make operative a machine to produce the results desired in the potato packing machine.

Q. What are the new results desired?

A. For packing the potatoes down so that they will form a uniform mass.

Q. How is that accomplished by the Ernest Patent?

A. By shaking the sack so that the potatoes are forced [72] to settle down as closely to the bottom as possible.

Q. What means is disclosed for accomplishing that function?

A. The board on which the sacks rest (pause) which is hung so that it may be vibrated by means for (pause) vibrating the board.

Q. Well, as broadly as you have stated the structure in your answer to the last question, is it your opinion that such a broad disclosure constitutes the novelty in this patent?

A. It is a case of using (pause) it is the case of the use of old mechanism in a new place; that is what makes the invention possible.

Q. And the new place is a potato packing house

Plaintiff's Exhibit 16—(Continued)

(Deposition of Harry Gearing.)

as distinguished from some other merchandising establishment? A. Yes.

Q. And that's all? A. And that's all.

Mr. Huebner (Addressing counsel): It's now half past five.

Mr. Franklin: Yes.

Mr. Huebner: In fact, a little past 5:30. I want to go through some of these prior patents, and I think it would be wise to adjourn, because it is going to drag a little bit. Would it be agreeable to go over to the next [73] morning?

(Addressing the reporter): This is off the record now.

(Discussion.)

Mr. Huebner: It is agreeable to come back here at 11:00 o'clock tomorrow morning?

Mr. Franklin: Yes.

Mr. Huebner: Then let us show on the record that by agreement the deposition is adjourned until tomorrow at 11:00 A. M., at the same place.

Mr. Franklin: I would like to keep these, they are the only ones I have and I want to study them; I will make them available to you and to the reporter.

Mr. Huebner: At Mr. Franklin's request we will stipulate that he may withdraw the plaintiff's exhibits which he has caused to have marked for purposes of identification; on the condition that he

Plaintiff's Exhibit 16—(Continued)

(Deposition of Harry Gearing.)

will make them available to the Notary and reporter to be attached to the deposition.

(Thereupon an adjournment was duly had and taken until March 1st, 1949, at the hour of 11:00 o'clock a.m.) [74]

Los Angeles, California,

March 1, 1949, 11:00 o'Clock A.M.

Deposition Resumed Pursuant To Adjournment;

Present: Same As Before.

Mr. Huebner: I think we are ready to proceed.

Mr. Franklin: Yes.

The Notary: All present, same as before?

Mr. Huebner: Yes.

Cross Examination

(Continued)

By Mr. Huebner:

Q. Mr. Gearing—by the way, do you pronounce it “G-e-a-r-i-n-g” or “G-e-e-r-i-n-g”?

A. “G-e-a-r-i-n-g” (pause) you can't have machinery without gearing.

Mr. Huebner: Pretty good!

Q. (By Mr. Huebner): Are you associated in any other work, other than this case, with Mr. Franklin, attorney for the plaintiff?

A. No, he has offices with me, that's all (pause) we are entirely separate.

Plaintiff's Exhibit 16—(Continued)

(Deposition of Harry Gearing.)

Q. Is it your opinion that patents in the agricultural field generally which relate to the conveying and packaging of products are in an analagous art to the Ernst Patent in suit? [75]

(Addressing the reporter): Will you read the question for me?

(Last question read by the reporter.)

Mr. Huebner: I'm afraid that question is a little bit awkward! Mr. Reporter, make it read "are in an art analagous to the Ernest Patents in suit."

The Witness: Will you let me have it again?

(Question read by the reporter, as follows.)

"Q. Is it your opinion that patents in the agricultural field generally which relate to the conveying and packaging of products are in an art analagous to the Ernst Patents in suit?"

A. Yes, more or less.

Q. Now, Mr. Franklin asked you a number of questions about an elongated platform in some of these devices; what is an "elongated platform"?

A. Well, generally speaking, it's a platform which is of a length considerably greater than the width of the platform.

Q. Well, would you consider the platform 51 in Ernst Patent 2,288,159, to be an elongated platform?

A. (Examining document): 15 feet (pause) yes.

Plaintiff's Exhibit 16—(Continued)

(Deposition of Harry Gearing.)

Q. Now, in that patent last referred to, is there any central open locus on the platform?

A. No.

Q. Are there any container stations on the [76] platform? A. Yes.

Q. Now, what would you do, what alteration would you put into effect to create on platform 51 a central open locus?

A. (Examining document): Well, I would either split the machine (pause) or, I think in this case I would add another machine to the side of it.

Q. You mean you would duplicate platform 51 and its associated elements? A. I would.

Q. Then you would have two machines, and what would you have between them?

A. A central location.

Mr. Huebner: All right.

Q. (By Mr. Huebner): You could also obtain a central open locus on platform 51 merely by eliminating the central container station, couldn't you?

A. You could, yes.

Q. Is it necessary in your opinion that an elongated platform—a container platform—should have a capacity to hold any particular number of bags or containers in order to be considered within the meaning of the term used in these patents, as an elongated platform?

A. Will you let me have that question again, please? [77]

Plaintiff's Exhibit 16—(Continued)
(Deposition of Harry Gearing.)

Mr. Huebner: Yes. Read the question, Mr. Reporter.

(Last question read by the reporter.)

A. Well, I would consider it necessary to have at least two or more.

Q. Now, is there any difference, from an engineering or mechanical standpoint, in having a platform in the form of a single plank that runs the full length of the machine or having two planks separated by a connection? A. No.

Q. What's the advantage, if any, in putting jiggling mechanism and its connection with the platform or platforms in the center of the apparatus instead of at one end?

A. In order to probably give more balance to the machine.

Q. Anything else?

A. It might speed the loading of the potato sacks (pause) because it could be fed from two directions.

Q. The prior art shows jiggling connections both centrally and at ends of elongated platforms, doesn't it?

Mr. Huebner (Points out to the witness a place in the document): As shown there (indicating), it reaches both ways?

A. No, I don't think it does (pause) I think the [78] only place where it shows that it is centrally located is in the plaintiff's patent.

Plaintiff's Exhibit 16—(Continued)

(Deposition of Harry Gearing.)

Q. So far as you are concerned, the prior art that you are familiar with, and by that I refer to the patent's background, the jigglers were made at the ends of the platforms?

A. (Examining document): I wouldn't say positively, no. (Pause.) They are put where most convenient.

Q. It's a matter then of engineering design or selection as to where it should be placed; is that right?

A. It is always a compromise.

The Reporter (Addressing the witness): "Compromise"?

Mr. Huebner (Addressing the reporter): Some people call it "compromise"; some people call it "compromise"!

Q. (By Mr. Huebner): Now, will you refer please to the Stehlin Patent, No. 1,91243, "Plaintiff's Exhibit No. 3 for identification," and state what would be involved there by the way of modification to give the structure in figures 1 and 2 the capacity to handle additional bags?

A. The placing of bag-holding means (pause) either more to the right or placing a certain number to the right and to the left of the vibrating means.

Q. Well, that's something that an engineer, given this patent, could do without any particular trouble, isn't [79] it, Mr. Gearing?

Plaintiff's Exhibit 16—(Continued)
(Deposition of Harry Gearing.)

A. That would be possible, but the operating arrangements for feeding the bags would have to be very elaborate then.

Q. Would it involve anything greater than ordinary mechanical skill to put a similar unit at the left side of the drawing, figure 2? A. No.

Q. But you could use the same jiggling mechanism to operate the twin unit that is used to operate the one shown, could you not? A. You could.

Q. Now, I believe you made a point that the spring 44 in Stehlin gave a soft vibration, a soft vibratory action, rather than a harsh one?

A. That is correct.

Q. Now, the patent by Stehlin, does not require that as an arbitrary feature, does it?

A. I think he mentions somewhere in the patent (examining document) that he has that for damping effect. (Reading from document): "I preferably provide spring means for controlling and smoothing out or damping the otherwise violent action of the vibrating platform."

Q. You are reading from page two, line 50; is that right?

A. (Examining document): That is right. [80]

Q. So that would be his preference, but not necessarily the way it is manufactured. Will you look at page four, beginning on line 96, (reading): "Spring shock absorber for reducing the violence caused by sudden transition on movement may be

Plaintiff's Exhibit 16—(Continued)

(Deposition of Harry Gearing.)

provided"—Directing your attention to that, isn't it your understanding that while the patentee might prefer the damping effect, the machine, within this comprehension, would operate without it?

A. As I said yesterday, the reason for the damping effect is to prevent the forming of caves in the bag where material of fine quantity was used.

Q. Now, if you were going to use the Stehlin machine for sacking potatoes, what would you do to get a desired sharper action?

A. I would do away with the dampener (pause); I would increase the strokes of the pitman and reduce its speed.

Q. Now, the pitman is connected directly to the movable platform, isn't it? A. Yes.

Q. And not connected to the spring?

A. (No response.)

Mr. Huebner: I just want to establish that as to the effect!

The Witness: That's correct.

Q. (By Mr. Huebner): Then the spring even in [81] Stehlin wouldn't have any damping effect, would it, if there wasn't a looseness in the pitman connection?

A. Well, that would be because as the spring was compressed it would absorb the load.

Q. Well, that would be in case the pitman was slightly lowered so the spring would have that effect; isn't that a fact? A. No, not in any case.

Plaintiff's Exhibit 16—(Continued)

(Deposition of Harry Gearing.)

Q. But if you would remove the spring, you would have a sharp action; Mr. Gearing, with your knowledge of the prior art that you have referred to under questioning by Mr. Franklin and your own engineering background, if you had been commissioned in 1940 to design and build a potato stacking machine which would properly sack potatoes and would divert potatoes into sacks from a moving belt, would you have been able to design one?

A. I probably would have been able to, but I would have discussed it with the people who were sacking potatoes at the time in an endeavor to find out their *modus operandi* (pause)—the *modus operandi* that they had (pause) and their reasons for doing different things.

Q. And based on that experience, you would have borrowed from your knowledge, from the sum of human knowledge up to that time, and you wouldn't have had any particular trouble in constructing a machine, would you?

A. No unreasonable trouble, no. [82]

Q. As an engineer, what would be your personal preference in designing a potato sacking machine, would it be to place the jiggling connection to the platform, as Mr. Ernst did, or put it at the end?

A. It would depend somewhat on the capacity of the plant where I was putting it. If it were a small plant I would probably make a small machine and put it at the end (pause); if it was a large

Plaintiff's Exhibit 16—(Continued)

(Deposition of Harry Gearing.)

plant, I would probably put it at the center, and the purpose in that case of putting it in the center, would be to get a twin unit action (pause), a better machine and quicker operation.

Q. To increase capacity?

A. To increase capacity.

Q. That would be engineering preference and not necessarily involve or constitute an invention; that's right, isn't it?

Mr. Franklin: I object to it on the ground that the witness is not qualified on what constitutes invention! Mr. Gearing is merely a mechanical expert.

The Witness: Well, any improvement in machinery is invention! You probably would admit that in many cases where it has some simple improvement (pause) that it is an invention just the same.

Q. (By Mr. Huebner): Will you now refer to the Naeher Patent, No. 1,719,124, "Plaintiff's Exhibit No. 8 for identification"— [83]

Mr. Franklin (Addressing counsel): Which one is that?

Mr. Huebner: "Plaintiff's No. 8 for identification".

Q. (By Mr. Huebner): In your direct examination you referred to this patent as disclosing a platform; what element is that, by reference numeral? A. (Examining document): "12".

Plaintiff's Exhibit 16—(Continued)

(Deposition of Harry Gearing.)

Q. Now, that platform goes all the way across, doesn't it?

A. (Perusing "Plaintiff's Exhibit No. 8 for identification"): No, I think there are two separate pieces (pause) one on each side.

Q. (By Mr. Hueber): Well, Mr. Gearing, will you look at figure 2 of the drawing and you will note the reference numeral "12" is applied to the platform on both ends of it?

A. (Examining document): That is correct.

Q. And will you note also that there is a solid line crossed by the reference lead line 43 that goes entirely from one end to the other, with the element reference numeral "12"?

A. (Perusing document): That's correct.

Q. Then don't you want to revise your answer when I asked you whether the element 12 is a single platform that goes clear across the machine?

A. (Studying document): Well, it is very possible [84] that it does (pause), but the drawing is none too clear.

Q. Well, do not the platform or platforms 12, whichever way you look at it, have a provision for container stations?

(The witness is studying the document.)

Q. (By Mr. Huebner): Whichever way you look at it the platform or platforms 12 are provided with container stations for bags, aren't they?

(The witness nods head in the affirmative.)

Plaintiff's Exhibit 16—(Continued)

(Deposition of Harry Gearing.)

Q. And the platform or platforms 12 have a jiggling mechanism with a connection to the platform or platforms in the central region, don't they?

A. Yes.

Q. And the single jiggling mechanism has a single connection with a platform or platforms 12, doesn't it?

A. They have a double connection.

Q. Will you identify the connections?

A. 22.

Q. Now, you will find that in figure 4 of the drawings, won't you?

A. (Examining document): Figure three of the drawings.

Mr. Huebner (Examining document): Well, it is also in figure three of the drawing.

The Witness (Reexamining document): Figure three of the drawing. [85]

Q. Element 22 appears in only one position, doesn't it, Mr. Gearing? A. Yes.

Q. You say that element 22 is in itself two connections? A. Two connections.

Q. Well, where are the two connections to the opposite sections of the platform 12?

A. They are located on each side of the gears 29.

Q. Well, do they have a reference numeral?

A. (Examining document): 22 (pause), and larger ends (pause) an upper end surrounding shaft 21 (pause) and the lower end has a hole in it through which a pin 25 passes.

Plaintiff's Exhibit 16—(Continued)
(Deposition of Harry Gearing.)

Q. Then its your point that the connection is in duplicate, operating off of gear 29; is that right?

A. (Examining and studying document): That's correct.

Q. Will you look at figure 3?

A. Yes. (Perusing document.)

Q. What is element 28?

A. (Perusing document): Part of a frame.

Q. Well, isn't it a kind of a gear housing?

(No response.)

Mr. Huebner: In fact, I refer you to the patent, page 1, line 74, which refers to "gear case 28"; with that [86] reference do you care to correct your answer?

The Witness (Examining document): What line is that?

Mr. Huebner: Line 74.

The Witness (Reexamining document): Yes.

Q. (By Mr. Huebner): Well, 28 is a gear case or housing?

A. (Examining document): 28 is a gear case housing.

Q. And that's a unitary mechanism for the jiggling mechanism; isn't that right?

A. Correct.

Q. That is to say, a unitary mechanism——

A. ——Yes——

Q. ——a unitary mechanism for the jiggling mechanism? A. Yes.

Plaintiff's Exhibit 16—(Continued)
(Deposition of Harry Gearing.)

Q. Now, what problem would be involved (addressing the reporter) Strike that out.

Q. Now, does the platform or platforms 12 meet your definition of an elongated platform?

A. No.

Q. Why not?

A. Because they are about the same width as their lengths.

Q. There is capacity illustrated, however, for two bags, isn't there?

A. Yes. (Pause.) One on each side of the machine.

Q. Then if they don't meet your definition [87] exactly, what would have to be done to platform or platforms 12 to make them what you would consider elongated platforms?

A. They would have to be increased in their length outwardly from the center of the machine.

Q. If you did that then you would have an elongated platform, would you not, with container stations and a central open locus and a jiggling mechanism located in the open central locus with a connection in the platform for jiggling it at that central open locus?

A. Yes, you would.

Q. Then, Mr. Gearing, what's the difference, if any, between the Naeher Patent, No. 1,719,124, "Plaintiff's Exhibit No. 8 for identification," and the discloser in the Ernst Patent, Reissue 22,740 "Plaintiff's Exhibit No. 2 for identification"?

Plaintiff's Exhibit 16—(Continued)
(Deposition of Harry Gearing.)

A. (Perusing document): Well, this patent (pause) is for handling——

Mr. Heubner: Now, when you say "this patent" what patent are you talking about?

The Witness: The Naeher Patent.

Mr. Heubner: All right.

The Witness (Addressing the reporter): Will you let me have what I said back there?

(The uncompleted answer of the witness was read as follows:

"A. Well, this patent (pause) is for handling"——) [88]

The Witness: This Naeher Patent "Plaintiff's Exhibit 8 for identification," is for handling grains and for compacting them.

(The witness studies the document): The vibratory action is up and down, and not sideways.

(At this juncture a long pause ensued.)

Mr. Huebner (Addressing the witness). I had asked you what the difference was, and I did not know you had finished your answer.

The Witness: Well, I was just studying this patent. I note here that while the specifications call for eccentric mechanism, the papers themselves do not call for any whatever (pause); that while the connection is in duplicate operating off of gear 29 (pause), as I say, the papers do not call for any

Plaintiff's Exhibit 16—(Continued)

(Deposition of Harry Gearing.)

gears whatever (pause). They have only one, gear 29 and the gear 29 might revolve all day between six and seven (pause), even if they revolved all day (pause) they might revolve all day and yet no eccentricity be involved at all.

Q. (By Mr. Heubner): If you will look at figure 4 and also you find a showing in figure 2, isn't the eccentric 25 present? A. Figure four.

Mr. Huebner: Yes, of course.

The Witness (Interrupting): Yes, the eccentric strap is present (pause), yes (pause), but the shaft on which [89] it is revolving is a straight shaft all the way through (pause) there is no eccentricity to it at all.

Q. Well, the figure 25 shows the intended gyratory movement, doesn't it?

A. Yes, it shows what is intended (pause), yes (pause), but if you built the machine according to these drawings, you wouldn't do it.

Q. (By Mr. Huebner): And figure 25 shows a lateral as well as horizontal movement, doesn't it?

A. Yes, it does.

Mr. Huebner: Figure 12?

The Witness: Yes, it does.

Q. Well, would you as an engineer, have any trouble in providing the necessary corrections to make this jiggling mechanism operate?

A. I would, largely, have to re-design the whole thing.

Plaintiff's Exhibit 16—(Continued)
(Deposition of Harry Gearing.)

Q. It would be merely a case, would it not, for a source of power, transmitting power to a machine, to rotary device, and then equipment pitman to platform 12; isn't that all that is involved?

A. Yes, that's what would be necessary.

Mr. Huebner: All right.

Q. Now, the platform 12 which you refer to actually was interconnected, or if separated and somebody would connect them together, then they would constitute an [90] elongated platform, wouldn't they?

A. Well, I wouldn't say it would be an elongated platform (pause) because the platform is the stations 12.

Q. Well, suppose you put a rigid connection between two stations like 12, you would then have, in effect, one platform, wouldn't you? A. Yes.

Q. And in that case it would be an elongated platform, wouldn't it, Mr. Gearing?

A. Yes, I suppose you might say it would be.

Q. Now, I think you mentioned this Naeher apparatus is for grain; where in the specifications does it say that?

A. (Perusing document): I don't know that it does say that particularly (pause) but from the way the bag is shown connected to a spout, I would assume it was for grain, or for small material.

Q. Well now, let us summarize your comments then. In connection with a comparison of Naeher

Plaintiff's Exhibit 16—(Continued)

(Deposition of Harry Gearing.)

and the Ernst Reissue Patent: As I understand it, it is your opinion that the only difference between Naeher and Ernst is that Naeher is intended for grain while Ernst was intended for potatoes; that's number one; is that right?

A. That is correct.

Q. Second,—the second difference is, as you read it, the vibratory mechanism of Naeher is inoperative? [91]

A. Is inoperative.

Q. While the vibrating mechanism of Ernst is operative; is that right?

A. Correct.

Q. And you, as an engineer, would be able to supply a useable operating mechanism, or at least supply the deficiency in Naeher; is that correct?

A. That's correct.

Q. And that Naeher illustrates only capacity for two bags, whereas Ernst illustrates capacity for more than two bags, and in order to match Ernst in that respect, you would have to extend platforms of Naeher; is that correct?

A. Yes.

Q. And those are the only differences?

A. Practically the only differences, yes.

Q. Now, will you please look at the British Patent of Daniel Belcher, No. 397,679 "Plaintiff's Exhibit No. 9 for identification"?

(The witness examines Plaintiff's Exhibit No. 9 for identification.)

Q. Directing your attention particularly to fig-

Plaintiff's Exhibit 16—(Continued)

(Deposition of Harry Gearing.)

ure one, that patent shows an elongated platform, does it not? Elongated platform 11?

A. (Examining document): Yes. (Pause.) Or table.

Q. Is there any difference between a table and a platform where it is used in a machine like this to support [92] bags?

A. No. (Pause.) No great difference.

Q. On this platform 11 or table in the British Patent it is long enough to support a plurality of bags, by that I mean more than one, isn't it?

(The witness nods head in the affirmative.)

Q. That is correct, isn't it? A. It is.

Q. It is vibrated through a power pitman connection 25, is it not? A. Vertically, yes.

Q. And that connection between the pitman and the table for imparting vibration is at the central platform or table, isn't it? A. Correct.

Mr. Huebner (Addressing counsel): May I look at the patent to C. Blank, No. 805,625, "Plaintiff's Exhibit No. 12 for identification"?

Mr. Franklin: Are you through with that (indicating Plaintiff's Exhibit No. 8 for identification)?

Mr. Huebner: Yes.

(At this juncture Mr. Franklin hands to Mr. Huebner "Plaintiff's Exhibit No. 12 for identification.")

Plaintiff's Exhibit 16—(Continued)

(Deposition of Harry Gearing.)

Mr. Heubner: Thank you. (Searching through files): Let me take a look, I don't have a copy here.

Q. (By Mr. Huebner): I believe in your direct [93] examination you referred to a divider which is numbered 11 in the drawings of this patent (referring to "Plaintiff's Exhibit No. 12 for identification"). A. Yes.

Q. What's that supported on?

A. (Studying "Plaintiff's Exhibit No. 12 for identification"): That's supported on the chains 8.

Q. Those chains extend longitudinally on the moving belt? A. They do.

Q. Is the divider plate immovable along the chains?

A. It is not movable with the chains, it moves along the chains.

Q. For the purpose of selectively positioning the divider plate along the belt?

A. No, for the purpose of sweeping the material to each side of the belts.

Q. Does the chain travel in a direction opposite to the travel of the belts? A. Yes.

Mr. Huebner: All right. That is all that I want to bring out on that.

Q. Will you please refer to Buschmann Patent No. 435681, "Plaintiff's Exhibit No. 5 for identification"?

Plaintiff's Exhibit 16—(Continued)
(Deposition of Harry Gearing.)

(The witness is studying the document in question.)

Q. That illustrates, does it not, a frame, Capital [94] C intended to support a photographic developing tray? A. Yes.

Q. That frame is shown in figure 2 and 3 of figure three; is it not? A. Yes.

Q. And it is an elongated frame, is it not?

A. Yes.

Q. If you filled in the frame from side to side you would have a table or platform, would you not?

A. Yes.

Q. The frame is mounted for vibratory action, is it not?

A. Not vibratory (pause) but an oscillating action.

Q. That oscillating action is imparted, is it not, by power action, Capital G operating through a pitman, small k? A. Yes.

Q. And that pitman is connected to the frame at the middle of it, isn't it? A. Correct.

Q. Now, will you please refer to Bradbury, Patent No. 826988, "Plaintiff's Exhibit No. 6 for identification"?

(Mr. Franklin hands the witness a document.)

(The witness is perusing the document handed to him [95] by Mr. Franklin.)

Plaintiff's Exhibit 16—(Continued)

(Deposition of Harry Gearing.)

Q. (By Mr. Huebner): Directing your attention to figure 1, at the upper part of that view, there is an elongated screen, "S", is there not?

A. Just a minute (pause), I want to see what this specification says.

Mr. Huebner: I will assist you by referring you to the patent, page 3, first column, beginning in line 52, where the element "S" is referred to as a "shaking (Addressing the reporter) That is hyphenated, instead of employing the word "screen," although to be correct your attention should also be referred to the use of the word "shoving" screen, in line 72, the shoe being an element, a general element, and the screen itself being defined as a "screen," 72.

Q. Under sacks, line 57, it is called a shoving screen, in line 72? A. Yes.

Q. And if you filled in the interstices or perforations in the screen 72, you would then have an elongated platform, would you not?

A. It wouldn't be of any value in the machine; you might just as well not have it there at all.

Q. But it would still be a platform, wouldn't it?

A. It still would be a platform, yes.

Q. And it is suspended by a pivoting link, 71, is [96] it not? A. Yes.

Q. And it is vibrated horizontally by means of a pitman connected at about the reference numeral 100? A. Yes.

Q. Now, that connection is at the extreme end of the machine, isn't it? A. Correct.

Plaintiff's Exhibit 16—(Continued)
(Deposition of Harry Gearing.)

Q. Would you therefore acknowledge disclosures in the prior art, in both central connections of pitman and no connections of pitman in a vibration table or platform? A. Yes.

Mr. Huebner: That's all on that one.

(Addressing counsel): Will you please let me see your Broussard, "Plaintiff's Exhibit No. 7 for identification"?

(Mr. Franklin hands counsel document.)

Q. (By Mr. Huebner): Directing your attention to J. Broussard Patent, 1,014,444 "Plaintiff's Exhibit No. 7 for identification," would you class that as another example of a bag-filling machine which had at least two container stations? On platforms with a vibrating mechanism, intermediate to the two stations?

A. I would say this (perusing document) is a hammering action rather than a vibrating action (pause). It hits a blow, in through the stroke.

Q. Otherwise it is a kind of mechanism I [97] described in my question, is it?

A. Otherwise, yes.

Mr. Huebner: That's all I want to know on that.

Q. Will you look at the True Patent, 1,369,502, "Plaintiff's Exhibit No. 13 for identification"?

(The witness peruses the document.)

Q. (By Mr. Huebner): Now, that patent illustrates and describes a shearer plate, 36, does it not?

A. Yes.

Plaintiff's Exhibit 16—(Continued)
(Deposition of Harry Gearing.)

Q. And it is removably located in brackets 37 on frame members; isn't that correct?

A. The shearer plate is removable but the brackets 37, are not; they may be part of the frame.

Q. So you could take the shearer plates out of the bracket and put them somewhere else along the frame if you want to; is that right? A. Yes.

Q. Now, the frame on which the brackets are secured, comprises parallel plates 8 and 8 prime, does it not? A. Yes.

Q. And these plates 8 and 8 prime are located adjacent to the outside edges of a number of belts, are they not? A. That is correct.

Q. Now, given the pitching of this pan, there would be no problem, would there, in locating any desired number of brackets 37 lengthwise on the frame depending on the stations at which it was desired to place the plates?

A. No, but they would be placed in pre-determined positions, they couldn't be varied after being once placed.

Q. But there would be no problem in making as many of those stations as you wanted, would there?

A. No.

Q. In your opinion as an expert, and your familiarity with this art, is there any mechanical difference between a pair of plates or rails, such as 8 and 8 prime, of the True Patent, or rods or bars similarly located?

Plaintiff's Exhibit 16—(Continued)
(Deposition of Harry Gearing.)

A. Well, the frames 8 and 8 prime are part of the machine and carry bearings for the conveyor belts.

Q. Well, your point is that rods or wires would constitute an additional element; is that it?

A. They would constitute an additional element, yes.

Q. And they would be located in substantially the same way to support shearer plates?

A. No, they wouldn't function to support shearer plates such as 36, because 36 is not provided with any means for holding it on a rod.

Q. You would simply have to add a couple of bolts between plates 36 and the rods; isn't that correct?

A. No, you would have to make your shearer plates [99] movable.

Q. Now, if you wanted to make this shearer plate 36 movable along the mechanism of upper 8 and 8 prime, what would you do, to support the position of the plate along that frame?

A. You would have to provide connections on the shearer plate that would suitably fit the framework.

Q. You get that by attaching shoes or rollers to the ends of the shearer plate so that the shoes or rollers would roll or slide along the upper members of 8 and 8 prime? A. Yes.

Q. Now, that would be within your experience as a skilled artist in this field, would it not?

Plaintiff's Exhibit 16—(Continued)

(Deposition of Harry Gearing.)

A. Yes.

Mr. Huebner (Addressing counsel): May I see another patent that you have, the C. MacBeth Patent, No. 1,465,619. I think it is "Plaintiff's Exhibit No. 14 for identification."

Mr. Franklin (Handing Notary the document): You better mark that, that hasn't been marked.

(The said document was marked by the Notary "Plaintiff's Exhibit No. 14 for identification.")

Q. (By Mr. Huebner): Now, directing your attention, Mr. Gearing, to MacBeth, 1,465,619, "Plaintiff's Exhibit No. 14 for identification", the feature of that in which we are interested is, I believe, the diverter element; is that right?

A. I would presume so, yes.

Q. What's that number (indicating) in the drawing?

A. (Examining document): Well, it's D2 and yet they have got "D2" in another place. (Pause) Let's see if they got it——

Q. Well, that, approximately identifies it, doesn't it?

A. Well, there is G3 and G2 on one side, and it says "G3" on the other side.

Q. Now, that diverter is supported for slideable

Plaintiff's Exhibit 16—(Continued)

(Deposition of Harry Gearing.)

movement on a pair of rollers or frame members, isn't it? A. No.

Q. How is it supported?

A. Its supported over the roller members but its in a fixed relation to the vulcanizing chamber.

Q. Then if you wanted to move it what would you have to do to it?

A. You would have to unbolt it from the frame and you would have to remove your vulcanizer at the same time, (pause) otherwise you would throw your molds on the floor.

Q. Well, Mr. Gearing, if you detached the diverter [101-A] from the vulcanizer, however, you could slide that vulcanizer along the frame, couldn't you?

A. Yes, if you detached it from the vulcanizer.

Mr. Huebner: That's all on that one.

(Addressing counsel): One more, Mr. Franklin, you have Paisley; that's been marked "Plaintiff's Exhibit No. 15 for identification"?

Mr. Franklin: Yes.

Mr. Huebner: Can I borrow it, please?

Mr. Franklin: All right. (Hands counsel document)

Q. (By Mr. Huebner): Will you refer to P. A. Paisley Patent, No. 1,818,427; (Addressing the Notary) do you want to mark this one "Plaintiff's Exhibit No. 15 for identification"?

The Notary: Yes.

Plaintiff's Exhibit 16—(Continued)
(Deposition of Harry Gearing.)

(The said document so referred to by counsel was thereupon marked by the Notary "Plaintiff's Exhibit No. 15 for identification.") [102]

Mr. Huebner: Now, Mr. Gearing, will you refer to Paisley, "Plaintiff's Exhibit No. 15 for identification", I think you said that was a mining apparatus patent? A. Yes.

Q. That's right, isn't it, Mr. Gearing?

A. Yes. (Pause) For loading cars.

Q. And does it have a diverting plate in it?

A. It says a diverting shoe for delivering the material from the conveyor belt to both sides.

Q. Is it movable to different locations?

A. Yes.

Q. To which is it supported?

A. It is supported on top of the frame of the conveyor.

Q. Can it be slid along that frame to different locations? A. Yes.

Q. And how do you maintain that in position after you have moved it to the different locations?

A. By tying it into position to clevises.

Q. That then is intended, is it not, as a shiftable diverter plate, so that it may be located at different stations along the track; is that right?

A. That's correct.

Q. Well then the novelty, if any, in the Ernst Patent Re-issue No. 22,740, lies, does it not, in

Plaintiff's Exhibit 16—(Continued)
(Deposition of Harry Gearing.)

the [104] specific design of the shearer plate and the connection of the sleeves to the plate?

A. Give me that question again, will you please?

(Last question read by the reporter.)

A. No, it also embodies the novel means of vibration (pause) embodies the novel means of vibrating the jigger board as well as the use of the shearer plate.

Mr. Huebner: All right then, I will ask that same question in respect to—just a minute—(addressing the reporter) Strike that out, will you?

Q. Still referring to the Re-issue Patent, let us get clear what, in your opinion is the novel means then of jiggling the platform or board?

A. Well, the novel means is the way in which the platform is hung (pause) the arrangement of it, to make it convenient for to hang potato sacks on the framework adjacent to the conveyor belt (pause) and means for jiggling the jigger board (pause) and providing means whereby the potatoes may be diverted to any particular sack on the machine.

Q. Now, referring to the other Ernst Patent No. 2,288,159 "Plaintiff's Exhibit No. 1 for identification" it is true, is it not, that the only novelty present in that disclosure is the specific design of the sleeves and their attachment to the shearer plate, 52?

A. Patent No. 2,288,159 (pause) deals more directly [105] with the shearer plate, yes.

Plaintiff's Exhibit 16—(Continued)

(Deposition of Harry Gearing.)

Q. Well, is there any novelty in it other than the specific design of sleeves 54, and their attachment to the shearer plate, 52?

A. Only the novelty of the simplicity of the mechanism.

Mr. Huebner: All right.

(Addressing the reporter): Off the record, for a minute.

(Discussion.)

Mr. Huebner (Addressing the reporter): We are on the record, again. There will be no further cross examination.

(Discussion off the record.)

Mr. Franklin (Addressing counsel): You are through, are you?

Mr. Huebner: Yes.

Mr. Franklin: All right.

Redirect Examination

By Mr. Franklin:

Q. We will take this patent (handing the witness a document) Naehar, "Plaintiff's Exhibit No. 8 for identification", No. 1,719,124, what kind of a movement does the so-called platform have in this Naehar Patent "Plaintiff's Exhibit No. 8 for identification"? [106]

A. It doesn't have any movement at all, according to the drawings.

Plaintiff's Exhibit 16—(Continued)
(Deposition of Harry Gearing.)

Q. Well, what is meant by a "gyratory movement" as the specification states there?

A. A movement, more or less, around a center.

Q. "Around a center"? A. Yes.

Q. What does figure five show in that patent?

A. Figure five is a diagrammatic view (pause) showing the supposed path of the bag (pause) in its gyratory movement.

Q. Is there a gyratory movement in the Ernst Patent, Re-issue 22,740 "Plaintiff's Exhibit No. 2 for identification"?

A. There is a vibratory movement.

Q. I said a "gyratory" movement.

A. No.

Q. What kind of a movement does it have, the vibratory movement?

A. A straight oscillating movement (pause) back and forth.

Mr. Franklin: Now, you say a straight oscillating movement back and forth!

Q. Do you call that "oscillating"?

A. Yes.

Q. Back and forth? A. Yes. [107]

Q. Well, the same one says, "means attached to the pitman for reciprocating"?

A. Well, "reciprocating" "vibrating" or "oscillating" (pause) they are one and the same thing.

Mr. Franklin: Now, let's see.

Q. In the Stehlin Patent, No. 191243, "Plaintiff's Exhibit No. 3 for identification", is there any

Plaintiff's Exhibit 16—(Continued)

(Deposition of Harry Gearing.)

endless conveyor associated with the bags supporting means for feeding material into the bags?

A. No.

Q. How are the bags filled?

A. They are filled from a hopper, over the top of the machine.

Q. Is there any suggestion in that patent for filling more than one bag at a time?

A. Yes, that's shown in figure 9.

Mr. Franklin: Figure nine.

Q. Well, how is that done?

A. That's done from a central hopper.

Q. Connected to the three different spouts leading to the bags?

A. Three different spouts.

Q. Spouts, leading to the bags?

A. Spouts leading to the bags.

Q. Is that location suitably located adjacent to, [109] and fed from, a straight endless conveyor?

A. No.

Q. Take this Belcher Patent, No. 397679, "Plaintiff's Exhibit No. 9 for identification"; take the table 11; is that table reciprocated?

A. Up and down, yes.

Q. Is it reciprocated longitudinally?

A. No, reciprocated vertically.

Q. Does it have bags stationed to hold the bags stationed on it? A. No.

Q. How are the bags operated on that table 11?

Plaintiff's Exhibit 16—(Continued)
(Deposition of Harry Gearing.)

A. They are fed into a primary mechanism which forms part of the general machine which sizes the bag as to its width, and compacts the material sideways (pause) and then when it passes onto this table it's vibrated vertically, so as to settle the material down to a solid mass.

Q. Well, does that table have stations to hold the bags on the stationary position on the table?

A. No, the bags are moving all the time (pause) new bags are moving all the time.

Q. Take the Buschmann patent, that is "Plaintiff's Exhibit No. 5 for identification", I will ask if that is a platform which is reciprocated?

A. It has a frame which is oscillated.

Q. Well, describe how it is oscillated? [109]

A. Well, it's hung over a central bar or trunion (pause) or trunions in the center of the longitudinal lengths of the frame. The frame, however, could be square, made in this shape (pause), made to carry a pan which is elongated and simply oscillated back and forth, which carries a chemical solution to cover the surface of a photographic tray to cause the development of the plate.

Q. Is the tray mounted?

A. It is mounted on trunions.

Q. On "trunions"? A. Yes.

Q. Or pivots? A. On pivots.

Q. Does it rock?

A. Yes, it rocks back and forth.

Plaintiff's Exhibit 16—(Continued)

(Deposition of Harry Gearing.)

Q. Now, referring to the F. J. Ernst, No. 2,288,159 "Plaintiff's Exhibit No. 1 for identification", and particularly to the sleeves 54 and 55, shearer blade 52 is connected, the sleeves are fitted on rods 56-57 to slide on the rods.

Now, we will refer to Exhibit 1 and Exhibit 2 of the interrogatories, showing the defendants' trolley on the rods; does the defendants' trolley perform any different function from the sleeves of the Ernst Patent "Plaintiff's Exhibit No. 1 for identification"? A. No. [110]

Q. Do they slide on the rod with a little pressure applied to the shearer? A. Yes.

Q. Do you consider the shearer trolley of the defendants' machine, the mechanical equivalent of the sleeves 54 and 55 of the shearer, of the Ernst machine, "Plaintiff's Exhibit No. 1 for identification"? A. Yes.

Mr. Franklin: I think that's all.

Recross Examination

By Mr. Huebner:

Mr. Huebner: Now, I have just a few questions.

Q. Mr. Gearing, if you swing a pendulum suspended from the fixed point, what's the movement of the pendulum? A. It forms an arc.

Q. It is a compound horizontal and vertical movement?

(The witness nods his head in the affirmative.)

Plaintiff's Exhibit 16—(Continued)
(Deposition of Harry Gearing.)

Mr. Huebner: He (the reporter) didn't get your answer:

The Witness: Yes.

Q. (By Mr. Huebner): The jigger board or platform of the Ernst Patent, Re-issue 22740, is suspended in a manner similar to a pendulum, isn't it? A. Somewhat similar. [111]

Q. Then the vibratory movement in the jigger board in Ernst is a compound vertical and horizontal movement, isn't it? A. Correct.

Q. Now, have you ever seen one of the defendants' machines such as illustrated in the photographs, such as Mr. Franklin shows, attached to the plaintiff's No. 1 and 2 of the interrogatories?

A. Have I ever seen any one of the machines?

Mr. Huebner: Yes.

The Witness: No.

Q. Have you any personal knowledge as to whether the trolleys on the rods rest easily or are distorted?

A. Not any personal knowledge, but I would say from the photographs I would judge they roll easily.

Q. Is it your opinion from an examination of the defendants' machine as illustrated by the photograph, that the shearer plates as supported by the trolleys, would remain in position without a latch or catch? A. No.

Q. You think it would require a latch or catch on the defendants' trolleys, or associated with them,

Plaintiff's Exhibit 16—(Continued)

(Deposition of Harry Gearing.)

to make the shearer plates stay in position?

A. I do.

Q. Is a shearer plate or catch required to make the Ernst Patent 2,288,159 remain in position when located? [112]

A. No.

Mr. Huebner: That's all.

Re-Redirect Examination

By Mr. Franklin:

Q. Your answer is based, of course, on the photographs and what you heard about it?

A. That's correct.

Q. What you heard about the trolleys and the shearer of the defendants' machine; is that right?

A. That is right.

Q. Suppose those trolley wheels fitted rather tight on the rods, suppose the shearer blade was of substantial weight, would you say that they would remain of its own inertia along the rods toward which it was moved?

A. No. I would be inclined to feel there would be a creeping action at all times.

Mr. Franklin: That is all.

Mr. Huebner: No further questions.

/s/ HARRY GEARING

Signature of Witness. [113]

Plaintiff's Exhibit 16—(Continued)

State of California,
County of Los Angeles—ss.

Certificate of Officer Taking Deposition

I, Paul Lehnhardt, Jr., a Notary Public in and for the County of Los Angeles, State of California, duly commissioned to administer oaths,

Do Hereby Certify:

That, the witness in the foregoing deposition, to-wit: Harry Gearing, was produced as a witness on behalf of the plaintiff herein;

That, before giving his said testimony said witness was duly sworn by me, according to law, to speak the truth, the whole truth and nothing but the truth;

That, the said deposition was taken pursuant to the "Stipulation" (copy of which is hereto annexed) and pursuant to the further stipulations of counsel for the respective parties, orally embodied herein, and made a part hereof;

That, the said deposition was so signed and cor- the hour of 2:00 o'clock p.m., on Monday, the 28th day of February, 1949, at the law offices of Messrs. Huebner, Beehler, Worrel, Herzig & Caldwell, located in the Story Building, Broadway at Sixth, Los Angeles, California;

I Further Certify, that the said deposition was duly taken down by me in shorthand writing, and was thereafter under my supervision and direction, transcribed into typewriting;

That, at the conclusion of the taking of said depo-

Plaintiff's Exhibit 16—(Continued)

sition, it was agreed by and between counsel for the respective parties that the undersigned officer taking said deposition arrange to read said deposition when transcription is finished, to the said witness, Harry Gearing, at a place and time agreeable to said witness, and the said officer taking the said deposition, for purposes of complying with the statutory provision anent reading and signing;

That, the said deoposition was so signed and corrected before the Notary, the undersigned officer taking the said deposition, on the 4th day of March, 1949, as fully appears on page 113 of this said deposition.

I Further Certify, that I am in no way interested in the outcome or event of said litigation; nor am I related to any of the parties to said cause or the counsel engaged therein.

In Witness Whereof, I have hereunto subscribed my signature and affixed my official seal of office, this 4th day of March, 1949.

[Seal] /s/ PAUL LEHNHARDT, JR.,
Notary Public in and for the County of Los Angeles,
State of California.

Plaintiff's Exhibit 16—(Continued)
 [Title of District Court and Cause.]

STIPULATION

It is hereby stipulated and agreed to by and between the parties to the above-entitled action, through their respective attorneys, that the deposition of Harry Gearing and others may be taken on behalf of the plaintiff, at 410 Story Building, 6th & Broadway, Los Angeles, California, on Monday, February 28, 1949, at the hour of 2 o'clock in the afternoon of that day, said deposition to be continued from day to day until completed.

Dated: This 28th day of February, 1949, at Los Angeles, California.

/s/ ALAN FRANKLIN,

Attorney for Plaintiff.

/s/ HERBERT A. HUEBNER,

/s/ RICHARD M. WORREL,

Attorneys for Defendants.

Approved And It Is So Ordered

.....,

Judge.

[Endorsed]: Filed March 8, 1949.

[Title of District Court and Cause.]

CERTIFICATE OF CLERK

I, Edmund L. Smith, Clerk of the United States District Court for the Southern District of Califor-

nia, do hereby certify that the foregoing pages numbered from 1 to 48, inclusive, contain the original Complaint for Infringement of Letters Patent; First Amended Answer to Complaint; Stipulation Concerning Use of Copies of Documentary Evidence; Decision; Findings of Fact and Conclusions of Law; Final Judgment; Notice of Appeal; Two Orders Extending Time to Docket Appeal; Undertaking for Costs on Appeal; Plaintiff's Designation of Contents of Record on Appeal and Defendants-Appellees' Counter-Designation of Contents of Record on Appeal which, together with copy of reporter's transcript of proceedings on March 8 and 9, 1949, in two volumes, original plaintiff's exhibits 1, 2, 2-A, 3 to 10, inclusive, 11-A to 11-C, inclusive, 12-A, 12-B, 13 to 15, inclusive and 16 with exhibits Nos. 3 to 16, inclusive, thereto; and original defendants' exhibits A to I, inclusive, transmitted herewith, constitute the record on appeal to the United States Court of Appeals for the Ninth Circuit.

I further certify that my fees for preparing and certifying the foregoing record amount to \$2.00 which sum has been paid to me by appellant.

Witness my hand and the seal of said District Court this 5th day of August, A.D. 1949.

EDMUND L. SMITH,
Clerk.

[Seal] By /s/ EDWARD F. DREW,
Deputy.

In the United States Court of Appeals
For the Ninth Circuit

Civil Action No. 721 So. Dist. of California,
Northern Div. (Undocketed)

EARL A. ERNST,

Plaintiff,

vs.

A. G. CLEMENS and H. G. McBRIDE, and A. G.
CLEMENS and H. G. McBRIDE, doing busi-
ness as IDEAL MANUFACTURING COM-
PANY,

Defendants.

STIPULATION EXTENDING TIME TO
SERVE AND FILE A DESIGNATION OF
ADDITIONAL PORTIONS OF THE REC-
ORD, ETC., AND TO FILE AND DOCKET
APPEAL

It is hereby stipulated and agreed by and between the parties to the above-entitled action, through their respective attorneys, that the defendant (appellee) may have to and including August 2, 1949, within which to serve and file a designation of additional portions of the record, proceedings, and evidence to be included in the designation of the contents of the record on appeal, and that the plaintiff (appellant) may have to and including

August 11, 1949, within which to file and docket his appeal.

/s/ ALAN FRANKLIN,
Attorney for Plaintiff
(Appellant).

/s/ HERBERT A. HUEBNER,
Attorney for Defendants
(Appellees).

It Is So Ordered:

WILLIAM DENMAN,
WILLIAM HEALY,
HOMER T. BONE,

Judges of U.S. Court of Appeals, Ninth Circuit.

[Endorsed]: Filed July 22, 1949.

PAUL P. O'BRIEN,
Clerk.

A True Copy

Attest: July 22, 1949.

[Seal] /s/ PAUL P. O'BRIEN,
Clerk.

[Title of Court of Appeals and Cause.]

AFFIDAVIT

State of California,
County of Los Angeles—ss.

Alan Franklin, being duly sworn, deposes and says: That he is the attorney for the plaintiff (appellant) in the above-entitled action; that the ninety-day period, from the date of the notice of appeal, for filing and docketing the plaintiff's appeal, according to Rule 73, F.R.C.P., (g), will expire on July 23, 1949; that he has been delayed in filing and docketing said appeal entirely by the failure of the court reporter to complete the typing of Volume II of the Reporter's Transcript of Proceedings of the trial of the case, until July 12, 1949; that said Volume II of the Reporter's Transcript contains all of the testimony of the defendants' expert and other important testimony, and a list of a number of important exhibits of both parties to said action, which testimony and list of exhibits were not otherwise available to affiant, and consequently he could not prepare and file the plaintiff's (appellant's) designation of contents of record on appeal without a careful study of the testimony and the exhibits listed in said second volume of the Reporter's Transcript; that the Plaintiff's Designation of Contents of Record on Appeal will be filed this 19th day of July, 1949, but the time remaining between this day and July 23, 1949, when the time for filing said designation of record

will expire, will not amount to ten days, to which the defendants are entitled, according to Rule 75(a) F.R.C.P. to serve and file their designation of additional portions of the record, proceedings, and evidence to be included; that defendants' counsel, one of whom resides in Los Angeles and the other in Fresno, California, desire an extension of time to and including August 2, 1949 to file the defendants' designation of additional portions of the record, etc. to be included in the Designation of Contents of Record on Appeal, and such extension is agreeable to the plaintiff and his counsel; that it required about four days to try said case; and that affiant has worked very hard, since he received the second and last volume of the Reporter's Transcript, on July 12th, to prepare and file the Plaintiff's Designation of Contents of Record on Appeal, in time to give the defendants' counsel ten days, by July 23, 1949, to file the defendants' designation, but affiant has found it impossible to file the plaintiff's designation sooner.

/s/ ALAN FRANKLIN,
Attorney for Plaintiff
(Appellant).

Subscribed and sworn to before me this 19th day of July, 1949.

[Seal] /s/ EUGENE N. FRANKENBERGER,
Notary Public in and for said County and State.

[Endorsed]: Filed July 25, 1949.

At a Stated Term, to wit: The October Term 1948, of the United States Court of Appeals for the Ninth Circuit, held in the Court Room thereof, in the City and County of San Francisco, in the State of California, on Wednesday the twenty-first day of September in the year of our Lord one thousand nine hundred and forty-nine.

Present: Honorable William Healy, Circuit Judge,
Presiding, Honorable Homer T. Bone,
Circuit Judge, Honorable Walter L. Pope,
Circuit Judge.

No. 12323

EARL A. ERNST,

Appellant,

vs.

A. G. CLEMENS and H. G. McBRIDE, and A. G.
CLEMENS and H. G. McBRIDE, doing busi-
ness as IDEAL MANUFACTURING COM-
PANY,

Appellees.

ORDER DENYING MOTION TO ENLARGE DESIGNATION OF TRANSCRIPT

Upon consideration of the motion of appellant for an order allowing appellant's supplemental designation of additional portions of the record on appeal to be printed, and allowing filing of plaintiff's objections to proposed findings of fact and conclusions of law and plaintiff's objections to proposed

final judgment, and of the memorandum of appellees opposing such motion, and good cause therefor appearing,

It Is Ordered that said motion be, and hereby is denied for the reason that the matter sought to be added is unnecessary for a full presentation of the case.

[Endorsed]: No. 12323. United States Court of Appeals for the Ninth Circuit. Earl A. Ernst, appellant, vs. A. G. Clemens and H. G. McBride, and A. G. Clemens and H. G. McBride, doing business as Ideal Manufacturing Company, Appellees. Transcript of Record. Appeal from the United States District Court for the Southern District of California, Northern Division.

Filed August 8, 1949.

/s/ PAUL P. O'BRIEN,
Clerk of the United States Court of Appeals for the
Ninth Circuit.

In the United States Court of Appeals
for the Ninth Circuit

No. 12323

EARL A. ERNST,

Plaintiff,

vs.

A. G. CLEMENS and H. G. McBRIDE, and A. G.
CLEMENS and H. G. McBRIDE, doing busi-
ness as IDEAL MANUFACTURING COM-
PANY,

Defendants.

STATEMENT OF POINTS ON APPEAL

Plaintiff, Earl A. Ernst, now files the following Statement of Points asserted as errors and intended to be urged in the prosecution of his appeal from the Final Judgment entered herein on or about March 28, 1949, and asserts that the trial court erred in each of the following respects, to wit:

1. In holding and deciding that Claim 1 of Patent No. 2,288,159 (F. J. Ernst), issued June 30, 1942, is not infringed by the defendants.
2. In holding and deciding that Claim 1 of Re-issue Patent No. Re 22,740, reissued on April 2, 1946, is not infringed by the defendants.
3. In rendering judgment for the defendants; neither side to recover any costs.
4. In not adjudging and decreeing that Claim 1

of Patent No. 2,288,159 of Frederick J. Ernst, issued June 30, 1942, is infringed by the defendants, and each of them.

5. In not adjudging and decreeing that Claim 1 of Reissue Patent Re No. 22,740, of Earl A. Ernst, reissued on April 2, 1946, is infringed by the defendants, and each of them.

6. In failing to render judgment for the plaintiff as prayed, including his costs, an injunction, and an accounting for damages against defendants, and each of them.

7. In unduly limiting Claim 1 of Letters Patent in suit, No. 2,288,159, to such narrow scope as to enable the defendants to escape infringement of said claim, and despite the failure of the prior art to impose any such limitation upon said claim.

8. In unduly limiting Claim 1 of Reissue Letters Patent No. Re. 22,740, in suit, to such narrow scope as to enable the defendants to escape infringement of said claim, and despite the failure of the prior art to impose any such limitation upon said claim.

9. In failing to accord Claim 1 of Letters Patent No. 2,288,159, in suit, its proper and full scope beyond the prior art, to which it is fairly entitled, and in failing to hold the defendants' accused machines infringements of said claim in accordance with its true scope.

10. In failing to accord Claim 1 of Reissue Letters Patent No. Re. 22,740, in suit, its proper and

full scope beyond the prior art, to which it is fairly entitled, and in failing to hold the defendants' accused machines infringements of said claim in accordance with its true scope.

11. In failing to give Claim 1 of Letters Patent No. 2,288,159, in suit, a liberal interpretation, in view of the substantial advance in the art made by the invention covered by said claim, and in failing to hold the defendants' accused machines infringements of said claim as so interpreted.

12. In failing to give Claim 1 of Reissue Letters Patent No. Re. 22,740, in suit, a liberal interpretation, in view of the substantial advance made in the art by the invention covered by said claim, and in failing to hold the defendants' accused machines infringements of said claim, as so interpreted.

13. In failing to recognize the long step forward, taken by the inventions, as covered by the claims in issue of the patents in suit, and the substantial advance in the art marked by said invention, and in failing to apply the applicable rule of construction to said claims, which entitled said claims to a liberal construction, whereby said claims may be read to include the defendants' accused potato-sacking machines, and to establish infringement of said claims by the defendants' and each of them.

14. In deciding and holding, contrary to the evidence, that Claim 1 of Patent No. 2,288,159 (F. J.

Ernst), issued June 20, 1942, is not infringed by the defendants.

15. In deciding and holding, contrary to the evidence, that Claim 1 of Reissue Patent No. Re. 22,740, reissued on April 2, 1946, is not infringed by the defendants.

16. In failing to order, adjudge and decree, in the formal judgment of the court, that Claim 1 of Patent No. 2,288,159 of Frederick J. Ernst, issued June 30, 1942, is good and valid in law, in accordance with the decision of the court, dated and filed March 12, 1949.

17. In failing to order, adjudge and decree, in the formal judgment of the court, that Claim 1 of Reissue Patent No. Re. 22,740, reissued on April 2, 1946, is good and valid in law in accordance with the decision of the court.

18. In not finding that the inventions, as defined by the claims in issue of the patents in suit, are a distinct advance in the art and rendered all other systems in the art obsolete.

19. In not finding that the defendants did not follow the prior art in their alleged noninfringing machines, but followed and adopted the systems defined by the claims in issue of the patents in suit.

20. In not holding that the patents in suit marked a distinct advance in the art over and beyond the skill of the calling.

21. In not finding that the plaintiff's method

and devices, as defined by the claims in issue of the patents in suit, supplanted all other systems of like nature in the potato-sacking art.

22. In that the several findings and conclusions are not in accordance with the facts or in accordance with the law of the case.

23. In holding that the inventions in suit are in a crowded art, as contrary to the evidence and contrary to law.

24. In failing to find that none of the prior patents pleaded by the defendants were ever adopted or used, and that said patents are of the paper type.

25. In finding IX as contrary to the evidence and contrary to law.

26. In finding X as contrary to the evidence and contrary to law.

27. In holding and deciding that Claim 1 of the patent in suit, No. 2,288,159, is required to be narrowly construed and thus construed is valid, but not infringed by the defendants.

28. In failing to order, adjudge and decree that Claim 1 of the patent in suit, No. 2,288,159, is entitled to a liberal interpretation commensurate with its broad scope in view of the prior art and in view of the fact that said patent marked a substantial advance in the art, and thus interpreted is good and valid in law, and is infringed by the accused devices of the defendants and each of them.

29. In holding and deciding that claim 1 of the patent in suit, Reissue 22,740, is required to be narrowly construed and thus construed is valid, but not infringed by the defendants and each of them.

30. In failing to order, adjudge and decree that Claim 1 of the patent in suit, Reissue 22,740, is entitled to a liberal interpretation commensurate with its broad scope, in view of the prior art, and in view of the fact that said patent marked a substantial advance in the art, and thus interpreted is good and valid in law, and is infringed by the accused devices of the defendants and each of them.

31. In holding and deciding that the Complaint should be dismissed for want of equity, as to the charge of infringement by the defendants of the patents in suit.

32. In Ordering, Adjudging and Decreeing that the Complaint herein be and it is hereby dismissed upon the merits.

Wherefore, plaintiff prays that the Final Judgment entered herein on or about the 28th day of March, 1949, by the District Court below, dismissing the Complaint herein upon the merits, be reversed, and that the District Court be directed to enter an interlocutory Judgment reversing said Final Judgment by adjudging the patents in suit valid, and infringed by the defendants and each of them, enjoining the defendants and each of them from further infringement of the Letters Patent in suit, and referring this cause to a Master to be appointed

by the said District Court to determine and report to said court the damages resulting from such infringement.

EARL A. ERNST,

By /s/ ALAN FRANKLIN,
Attorney for Plaintiff.

Receipt of copy acknowledged.

[Endorsed]: Filed September 1, 1949.

[Title of Court of Appeals and Cause.]

STIPULATION AND ORDER OMITTING
TITLES, ETC., FROM PLEADINGS AND
OTHER PAPERS

It Is Hereby Stipulated by and between the respective parties in the above-entitled cause, through their respective counsel, that the title and caption of this cause on the respective papers appearing in the printed transcript of record may be eliminated and substituted therefor the following: "Title and Cause."

It Is Further Stipulated that the complete filing reference by the Clerk on the respective papers appearing in the printed transcript of record may be eliminated and substituted therefor the word "Filed" followed by the date on which the paper was filed.

It Is Further Stipulated that all acknowledgments

of service on the respective papers appearing in the printed transcript of record may be eliminated.

Dated this 19th day of August, 1949.

/s/ ALAN FRANKLIN,
Attorney for Plaintiff.

/s/ HERBERT A. HUEBNER,
Attorney for Defendant.

Approved And So Ordered.

[Endorsed]: Filed September 1, 1949.

[Title of Court of Appeals and Cause.]

STIPULATION FOR CORRECTIONS
IN DEPOSITION OF HARRY GEARING

It Is Hereby Stipulated and Agreed by and between the parties to the above-entitled action, through their respective attorneys, subject to the approval of the Court, that the corrections specified below may be made by the Clerk in the deposition of Harry Gearing, Plaintiffs Exhibit 16, as follows:

Page 9, line 19, after—"Identification"—change the comma to a period, and omit the remainder of said line, and line 20.

Page 17, line 20, after—"2/23/49"—change the comma to a period, and omit the remainder of said line, and lines 21 to 23 inclusive.

Omit pages 17-A and 17-B.

Page 18, line 13, after—"Identification"—change the comma to a period, and omit the word—"and"—. Omit lines 14 and 15.

Omit page 18-A.

Page 23, line 12, after — "Identification" — change the comma to a period and omit the remainder of said line, and line 13.

Omit page 23-A.

Page 25, line 26, after — "Identification" — change the comma to a period, and omit the remainder of said line.

Omit pages 26 and 26-A.

Page 29, line 5, after — "Identification" — change the comma to a period and omit the remainder of said line, and lines 6 and 7.

Omit page 29-A.

Page 31, line 14, after—"Exhibit 7"—place a period and omit the remainder of said line, and line 15.

Omit pages 31-A and 31-B.

Omit pages 31-AA, 31-AAA, 31-AAAA and 31-AAAAA, containing "addenda or supplemental transcript" after page 31-B.

Omit page 32, but rewrite said page as follows:

Q. (By Mr. Franklin): How many bags does that machine fill? (Referring to "Plaintiff's Exhibit No. 7 for Identification.")

A. (Perusing document): Two.

Q. When you fill the two, do you have to take them off and put new ones on, unfilled?

A. Yes, they have to be removed and new ones put in their place.

Q. Two at a time? A. Yes.

Q. Does that machine have a platform including an elongated container station at the end thereof? A. No.

Q. In which a plurality of bags are supported in the container stations? A. No.

Q. I will hand you the patent to Naecher No. 1,719,124 "Bag Filling Machine."

(Mr. Franklin hands the document to the Notary.)

The Notary: You are asking that this be marked "Plaintiff's Exhibit No. 8 for Identification"?

Mr. Franklin: Yes.

The Notary: This document which you have just handed me?

Mr. Franklin: Yes.

The said document was thereupon marked by the Notary "Plaintiff's Exhibit No. 8 for Identification."

Q. (By Mr. Franklin): Does that machine have a platform including an elongated surface with container stations from the ends thereof, in which stations are supported bags to be filled?

A. (Perusing patent): No.

Q. (By Mr. Franklin): Well, I will hand you the British patent to Daniel Belcher, No. 397,679 (handing witness document), and ask you to examine it.

Excuse me. First I will ask the Notary to mark that for Plaintiff's Exhibit No. 9 for Identification.

The said document was thereupon marked by the Notary for "Plaintiff's Exhibit No. 9 for Identification."

Omit Page 32-A.

Page 35, line 20, after—"Identification"—change the comma to a period, and omit the remainder of said line, and lines 21 and 23.

Omit page 35-A.

Page 36, line 22, after—"Identification"—change the comma to a period, and omit the remainder of said line, and lines 23 and 26.

Omit page 36-A.

Page 36-B, line 5, after—"Identification"—place a period, and omit the remainder of said line, and lines 6 and 7.

Omit page 36-C.

Page 41, line 25, after—"Identification"—change the comma to a period, and omit the remainder of said line and line 26.

Omit page 41-A.

Page 47, line 16, after—"Identification" change the comma to a period and omit the word—"and"—Omit lines 17 and 18.

Omit page 47-A.

Page 48, line 6, after—"Identification"—change the comma to a period, and omit the word—"and"—Omit lines 7 and 8.

Omit page 48-A.

Page 52, line 10, after—"Identification"—

change the comma to a period, and omit the remainder of said line, and lines 11 and 12.

Omit page 52-A.

Omit page 101.

Page 102, line 18, after — “Identification” — change the comma to a period, and omit the remainder of said line, and line 19.

Omit page 103.

Page 113, omit lines 23 to 26, inclusive.

Omit pages 114 to 116 inclusive.

Dated August 29, 1949.

HERBERT A. HEUBNER and
RICHARD M. WORREL,

By /s/ HERBERT A. HEUBNER,
Attorneys for Defendants.

/s/ ALAN FRANKLIN;
Attorney for Plaintiff.

Approved and it is so Ordered.

/s/ LEON R. YANKWICH,

[Endorsed]: Filed September 1, 1949.

[Title of Court of Appeals and Cause.]

APPELLANT'S DESIGNATION OF PORTIONS OF THE RECORD ON APPEAL TO BE PRINTED

To the Clerk of the United States Court of Appeals for the Ninth Circuit:

Please have printed, pursuant to Rule 19 of the Rules of Practice of the United States Court of Appeals, for the Ninth Circuit, the portions of the Record on Appeal of the above-entitled cause, as follows:

1. Complaint.
2. First Amended Answer.
3. Decision of U. S. District Judge, dated the 12th day of March, 1949.
4. Findings of Fact and Conclusions of Law, dated the 28th day of March, 1949.
5. Final Judgment entered the 28th day of March, 1949.
6. Notice of Appeal.
7. Cost Bond on Appeal.
8. Stipulation Concerning Use of Copies of Documentary Evidence.
9. Order Extending Time to File Record and Docket Appeal, dated June 2, 1949.
10. Order Extending Time to File Record and Docket Appeal, dated July 1, 1949.

11. Stipulation Extending Time to File Plaintiff's Designation of Contents of Record on Appeal.

12. Plaintiff's Designation of Contents of Record on Appeal, dated July 18, 1949.

13. Defendants-Appellees' Counter-Designation of Contents of Record on Appeal.

14. This, Appellant's Designation of Portions of the Record on Appeal to be Printed.

15. Letters of Administration of Frederick J. Ernst.

16. Assignment of Letters Patent in suit, No. 2,288,155 of Frederick J. Ernst to plaintiff-appellant, Earl A. Ernst.

17. Plaintiff's Interrogatories.

18. Defendants' Answers to Plaintiff's Interrogatories.

19. Stipulation For Corrections in Deposition of Harry Gearing, dated the 2nd day of August, 1949.

20. Stipulation for Corrections in Deposition of Harry Gearing, dated August 24, 1949.

21. Deposition of Harry Gearing, Plaintiff's Exhibit 16, as corrected by Stipulations dated August 2, 1949 and August 29, 1949, respectively.

22. Reporter's Transcript of Proceedings at the Trial, in Two Volumes.

23. Stipulation and Order Omitting Titles, etc., from Pleadings and Other Papers.

- 24. Statement of Points on Appeal.
- 25. Order for Transmission of Exhibits.
- 26. Order Exhibits Be Not Printed. Not entered.
- 27. Certificate of Clerk of United States Court of Appeals for the Ninth Circuit.

Dated: Los Angeles, California, August 30, 1949.

Respectfully,

/s/ ALAN FRANKLIN,

Attorney for Appellant.

Receipt of Copy Acknowledged.

[Endorsed]: Filed September 1, 1949.

No. 12323

United States
Court of Appeals
for the Ninth Circuit.

EARL A. ERNST,

Appellant,

vs.

A. G. CLEMENS and H. G. McBRIDE, and A. G.
CLEMENS and H. G. McBRIDE, doing busi-
ness as IDEAL MANUFACTURING COM-
PANY,

Appellees.

SUPPLEMENTAL
Transcript of Record

Appeal from the United States District Court,
Southern District of California,
Northern Division.

FILED
FEB 13 1953

PAUL P. O'BRIEN,
CLERK

No. 12323

United States
Court of Appeals
for the Ninth Circuit.

EARL A. ERNST,

Appellant,

vs.

A. G. CLEMENS and H. G. McBRIDE, and A. G.
CLEMENS and H. G. McBRIDE, doing busi-
ness as IDEAL MANUFACTURING COM-
PANY,

Appellees.

SUPPLEMENTAL
Transcript of Record

Appeal from the United States District Court,
Southern District of California,
Northern Division.

PLAINTIFF'S EXHIBIT NO. 5

United States District Court, Southern District of
California, Northern Division

Civil Action No. 721-ND

EARL A. ERNST,

Plaintiff,

vs.

A. G. CLEMENS and H. G. McBRIDE, and A. G.
CLEMENS and H. G. McBRIDE, doing busi-
ness as IDEAL MANUFACTURING COM-
PANY,

Defendants.

PLAINTIFF'S INTERROGATORIES

Plaintiff propounds interrogatories to the defend-
ants and each thereof, pursuant to Rule 33 of the
Federal Rules of Civil Procedure, as follows:

I.

Have you made, sold or used, since June 30, 1942,
a device for unloading belt conveyors including an
endless belt, roller means over which such belt ex-
tends for supporting it, mechanism for rotating the
roller means, a pair of spaced bars longitudinally
of the belt and substantially the length thereof,
said bars being spaced above and substantially over
the longitudinal edges of the belt, an element slid-
able on each bar having attached coupling means to
hold a plate, a plate having a portion of its ends

Plaintiff's Exhibit No. 5—(Continued)

connected to the coupling means, said coupling means forming an acute angle with said slidable elements so that the plate is positioned obliquely across the belt.

II.

If your answer to Interrogatory I is in the negative describe the construction and operation of the device or devices for unloading belt conveyors which you have made, used or sold since June 30, 1942.

III.

Have you made, sold or used a device for shaking containers and the like to settle the contents thereof, including a frame, a platform for supporting a plurality of containers, hinged means supporting the platform from the frame, vibrating means connected to the platform for shaking it and the containers supported thereby, said means including a pitman adjacent the platform, coupling means connecting the pitman with a portion of the platform, and rotary means attached to the pitman for reciprocating it, said platform including an elongated surface with container stations from the ends thereof to a central open locus, said vibrating means having its connection with the platform at said central locus.

IV.

If your answer to Interrogatory III is in the

Plaintiff's Exhibit No. 5—(Continued)

negative, describe the construction and operation of the device or devices for shaking containers or the like to settle the contents thereof, which you made, used or sold prior to the filing of this suit.

V.

If your answer to Interrogatory III is in the affirmative state the date or dates when you made, sold or used one or more of the devices as described in said Interrogatory III.

VI.

If you have answered Interrogatory IV, as required, state the date or dates when you made, used or sold one or more of the devices described in said interrogatory.

VII.

Attached hereto, and marked Plaintiff's Exhibit 1, is a photograph of a part of a sacking device, taken from one side of said device, showing a baffle plate or shearer of said device.

State whether you have made, used or sold a sacking device, prior to the filing of this suit, containing a baffle plate or shearer as shown in said Exhibit 1.

VIII.

If your answer to Interrogatory VII is in the negative please attach a photograph or drawing to

Plaintiff's Exhibit No. 5—(Continued)

your answers to these interrogatories, showing the construction of the baffle plate or shearer of the sacking device or devices which you have made, sold or used since June 30, 1942, and explain said baffle plate or shearer.

IX.

Attached hereto and marked Plaintiff's Exhibit 2, is a photograph of a part of a sacking device, taken from the side of the device opposite the side from which Exhibit 1 was taken and showing the baffle plate or shearer shown in said Exhibit 1.

State whether you have made, sold or used a sacking device containing a baffle plate or shearer as shown in said Exhibit 2.

X.

If your answer to Interrogatory IX is in the negative please attach to your answers to these interrogatories a photograph or drawing showing the construction of the corresponding side of the baffle plate or shearer of the sacking device or devices which you have made, used and/or sold since June 30, 1942.

XI.

Attached hereto and marked Plaintiff's Exhibit 3-3 is a photograph of a portion of one side of a sack jigger showing the mechanism for vibrating or jiggling the platform for supporting the sacks.

Plaintiff's Exhibit No. 5—(Continued)

State whether you have made, used or sold a sack jigger, prior to the filing of this suit, containing the mechanism for vibrating or jiggling the platform for supporting the sacks, as shown in said Exhibit 3-3.

XII.

If your answers to Interrogatory XI is in the negative, please attach to your answers to these interrogatories a photograph or drawing showing the construction of the mechanism for vibrating or jiggling the platform for supporting the sacks of the sack jigger which you made, used or sold prior to the filing of this suit.

XIII.

If your answer to Interrogatory I is in the negative, identify each element or feature specified in said interrogatory that is absent from the sacking devices made, used or sold by you.

XIV.

State where each specific element or feature of claim 1 of the patent in suit, No. 2,288,159, is disclosed in each item of the prior art to be relied upon at the trial, to the full extent that it will be contended that the prior art makes any such disclosure.

XV.

If your answer to Interrogatory III is in the negative, identify each element or feature specified

Plaintiff's Exhibit No. 5—(Continued)
in said interrogatory that is absent from the sack
jigger made, used or sold by you.

XVI.

State where each specific element or feature of
claim 1 of Patent, Re 22,740, is disclosed in each
item of the prior art to be relied upon at the trial,
to the full extent that it will be contended that the
prior art makes any such disclosures.

XVII.

State what patents and/or publications will be
offered in evidence at the trial by defendants to
illustrate the prior state of the art.

XVIII.

State who made the parts for the sacking devices,
and/or attachments therefor, used by defendants in
their factory, and when they were made.

XIX.

If the sacking devices and/or attachments there-
for were constructed by defendants in their own
factory give the names of the persons who assembled
or constructed such devices and/or attachments.

XX.

State who made the parts for the sack jiggers
and/or attachments therefor used by defendants in
their factory, and when they were made.

Plaintiff's Exhibit No. 5—(Continued)

XXI.

If the sack jiggers and/or attachments therefor were constructed by defendants in their own factory, give the names of the persons who assembled or constructed such devices and/or attachments.

XXII.

State in detail the alleged intervening rights, alleged in Paragraph X of the Answer, to have accrued in favor of the defendants as against the plaintiff, between the date of the grant of the original Letters Patent No. 2,347,474 and the date of application of the alleged Re-issue Letters Patent No. 22,740, giving dates, names of places and names, and addresses of persons alleged to have established such intervening rights.

Dated: Los Angeles, California, December 8, 1948.

/s/ ALAN FRANKLIN,
Attorney for Plaintiff.

[Endorsed]: Filed December 9, 1948.

PLAINTIFF'S EXHIBIT NO. 6

United States District Court, Southern District of
California, Northern Division

Civil Action No. 721-ND

EARL A. ERNST,

Plaintiff,

vs.

A. G. CLEMENS and H. G. McBRIDE, and A. G.
CLEMENS and H. G. McBRIDE, doing busi-
ness as IDEAL MANUFACTURING COM-
PANY,

Defendants.

DEFENDANTS' ANSWERS TO PLAINTIFF'S
INTERROGATORIES

Defendants give the following answers to inter-
rogatories propounded by the plaintiff under Rule
33 of the Federal Rules of Civil Procedure:

I.

Interrogatory: Have you made, sold or used, since
June 30, 1942, a device for unloading belt conveyors
including an endless belt, roller means over which
such belt extends for supporting it, mechanism for
rotating the roller means, a pair of spaced bars
longitudinally of the belt and substantially the
length thereof, said bars being spaced above and
substantially over the longitudinal edges of the belt,

• Plaintiff's Exhibit No. 6—(Continued)

an element slidable on each bar having attached coupling means to hold a plate, a plate having a portion of its ends connected to the coupling means, said coupling means forming an acute angle with said elements so that the plate is positioned obliquely across the belt.

Answer: No.

II.

Interrogatory: If your answer to Interrogatory I is in the negative describe the construction and operation of the device or devices for unloading belt conveyors which you have made, used or sold since June 30, 1942.

Answer: The apparatus manufactured and sold by defendants since June 30, 1942, which most nearly corresponds to the description in Interrogatory I may be briefly described as follows:

Form 1. An endless belt stretched between oppositely disposed parallel rollers with power means to drive one of the rollers is adapted to convey potatoes or any other articles which are to be moved from one location to another and to be diverted at selected stages into containers or for further handling. The diversion is accomplished by a shear plate positioned diagonally across the belt. This plate is suspended from a pair of rods located above the belt somewhat shorter than the belt. A trolley comprising two pairs of sheaves mounted in a framework is arranged for rollable travel on each

Plaintiff's Exhibit No. 6—(Continued)

of the rods. From the framework vertically depends a suspension member, the lower end of which is bolted to the shear plate. A vertical slot is provided in the suspension member so that the elevation of the shear plate may be adjusted. A latch arrangement is associated with the trolley for releasably securing the trolley at any one of various selected positions along the rods.

Form 2. This form is identical to Form 1, except that only one overhead rod and trolley association is employed. On the opposite side a horizontal track is formed as a part of a steel plate extending alongside the belt as an element of table framework upon which the rollers and associated mechanism are supported. On this track for rolling movement is a sheave and axle which connects with one end of the shear plate.

III.

Interrogatory: Have you made, sold or used a device for shaking containers and the like to settle the contents thereof, including a frame, a platform for supporting a plurality of containers, hinged means supporting the platform from the frame, vibrating means connected to the platform for shaking it and the containers supported thereby, said means including a pitman adjacent the platform, coupling means connecting the pitman with a portion of the platform, and rotary means attached to the pitman for reciprocating it, said platform in-

Plaintiff's Exhibit No. 6—(Continued)

cluding an elongated surface with container stations from the ends thereof to a central open locus, said vibrating means having its connection with the platform at said central locus.

Answer: No.

IV.

Interrogatory: If your answer to Interrogatory III is in the negative, describe the construction and operation of the device or devices for shaking containers or the like to settle the contents thereof, which you made, used or sold prior to the filing of this suit.

Answer: Apparatus manufactured and sold by the defendants which most nearly corresponds to the language of Interrogatory III has been in two forms which may be briefly described as follows:

Form 1. It is an apparatus for shaking bags or the like to settle the contents thereof, primarily while the bags are being filled. Such apparatus necessarily embodies a frame. It incorporates a pair of parallel traveling belts to convey articles from a remote location for distribution. At the delivery end of the traveling belt is a twin distributing apparatus as described in answer to Interrogatory II, both forms having been employed. Each twin unit comprises in addition to the elements described in answer to Interrogatory II a plank, or platform or table hingedly mounted upon the framework, this plank being suitable for the

Plaintiff's Exhibit No. 6—(Continued)

positioning thereon of a plurality of bags or other containers. A shaking means is provided in the form of an electric motor driving an eccentric which is coupled with a connecting strap, the opposite end of which is attached to the near end of the plank. The same motor and eccentric are utilized for powering both connecting straps and consequently reciprocating both planks or platforms.

Form 2. This form of apparatus is identical with the apparatus of Form 1 except that the inner ends of the two planks or platforms which remain separated as before are fixedly interconnected by a rigid strap or bar. The motor and eccentric mechanism are located at one extreme end of the aligned platforms instead of between them and a single connecting strap communicates reciprocatory motion from the eccentric to the adjacent platform end.

V.

Interrogatory: If your answer to Interrogatory III is in the affirmative state the date or dates when you made, sold or used one or more of the devices as described in said Interrogatory III.

Answer: Interrogatory III having been answered in the negative, no answer is required to Interrogatory V.

VI.

Interrogatory: If you have answered Interrogatory IV, as required, state the date or dates when

Plaintiff's Exhibit No. 6—(Continued)

you made, used or sold one or more of the devices described in said interrogatory.

Answer: Apparatus such as described in answer to Interrogatory IV have been manufactured and sold by the defendants since the issuance of Ernst Patent Re-issue No. 22,740, April 2, 1946.

VII.

Interrogatory: Attached hereto, and marked Plaintiff's Exhibit 1, is a photograph of a part of a sacking device, taken from one side of said device, showing a baffle plate or shearer of said device.

State whether you have made, used or sold a sacking device, prior to the filing of this suit, containing a baffle plate or shearer as shown in said Exhibit 1.

Answer: As nearly as defendants can determine from examination of the photographic Exhibit 1 attached to the Interrogatories, which photograph is not a complete disclosure of all the structural and operating parts, the answer is "yes."

VIII.

Interrogatory: If your answer to Interrogatory VII is in the negative please attach a photograph or drawing to your answers to these interrogatories, showing the construction of the baffle plate or shearer of the sacking device or devices which you have made, sold or used since June 30, 1942, and explain said baffle plate or shearer.

Answer: Interrogatory VII having been an-

Plaintiff's Exhibit No. 6—(Continued)
swered in the affirmative, no answer is required to Interrogatory VIII.

IX.

Interrogatory: Attached hereto and marked Plaintiff's Exhibit 2, is a photograph of a part of a sacking device, taken from the side of the device opposite the side from which Exhibit 1 was taken and showing the baffle plate or shearer shown in said Exhibit 1.

State whether you have made, sold or used a sacking device containing a baffle plate or shearer as shown in said Exhibit 2.

Answer: From an examination of Exhibit 2 attached to the interrogatories, it appears that the declaratory part of Interrogatory IX is in error in stating that "Exhibit 2, is a photograph of a part of a sacking device, taken from the side of the device opposite the side from which Exhibit 1 was taken." It appears from the two photographs, Exhibits 1 and 2, that both are taken from the same side but that Exhibit 1 shows a part of one of the twin units above referred to and Exhibit 2 shows a part of the other of the twin units referred to. However, as nearly as defendants can determine from an examination of Exhibit 2, and qualified by the explanation that said photograph does not show all the structure of the device, it does appear to illustrate in part a device manufactured and sold by the defendants.

Plaintiff's Exhibit No. 6—(Continued)

X.

Interrogatory: If your answer to Interrogatory IX is in the negative please attach to your answers to these interrogatories a photograph or drawing showing the construction of the corresponding side of the baffle plate or shearer of the sacking device or devices which you have made, used and/or sold since June 30, 1942.

Answer: Interrogatory IX having been answered substantially in the affirmative, no answer is required to Interrogatory X.

XI.

Interrogatory: Attached hereto and marked Plaintiff's Exhibit 3-3 is a photograph of a portion of one side of a sack jigger showing the mechanism for vibrating or jiggling the platform for supporting the sacks.

State whether you have made, used or sold a sack jigger, prior to the filing of this suit, containing the mechanism for vibrating or jiggling the platform for supporting the sacks, as shown in said Exhibit 3-3.

Answer: As nearly as can be determined by defendants from an examination of the two photographs, both marked Exhibit 3, attached to the interrogatories, the defendants have made and sold an apparatus as illustrated therein.

Plaintiff's Exhibit No. 6—(Continued)

XII.

Interrogatory: If your answer to Interrogatory XI is in the negative, please attach to your answers to these interrogatories a photograph or drawing showing the construction of the mechanism for vibrating or jiggling the platform for supporting the sacks of the sack jigger which you made, used or sold prior to the filing of this suit.

Answer: Interrogatory XI having been answered in the affirmative, no answer is required to Interrogatory XII.

XIII.

Interrogatory: If your answer to Interrogatory I is in the negative, identify each element or feature specified in said interrogatory that is absent from the sacking devices made, used or sold by you.

Answer: Inasmuch as Interrogatory I is in part a paraphrase of claim 1 of one of the patents in suit, namely, No. 2,288,159, but broadens the language of the claim, and inasmuch as defendants have described the essential elements of their apparatus and identified the same in the photographic exhibits, it is not feasible or pertinent to the issues to attempt to catalogue elements or features specified in plaintiff's interrogatories which are absent from the apparatus of the defendants.

Plaintiff's Exhibit No. 6—(Continued)

XIV.

Interrogatory: State where each specific element or feature of claim 1 of the patent in suit, No. 2,288,159, is disclosed in each item of the prior art to be relied upon at the trial, to the full extent that it will be contended that the prior art makes any such disclosure.

Answer: The prior art to the extent that the defendants now have knowledge of the same which will be relied upon at the trial is fully identified in defendants' First Amended Answer to Complaint. Inas much as the further inquiry in Interrogatory XIV is directed to argumentative matter, the defendants, unless otherwise directed by the Court, will defer explanation until the trial.

XV.

Interrogatory: If your answer to Interrogatory III is in the negative, identify each element or feature specified in said interrogatory that is absent from the sack jigger made, used or sold by you.

Answer: Inasmuch as Interrogatory III is in part a paraphrase of claim 1 of Patent Re-issue No. 22,740, and inasmuch as defendants have described the essential elements of their apparatus and identified the same in the photographic exhibits, it is not feasible or pertinent to the issues to attempt to catalogue elements or features specified in plaintiff's interrogatories which are absent from the apparatus of the defendants.

Plaintiff's Exhibit No. 6—(Continued)

XVI.

Interrogatory: State where each specific element or feature of claim 1 of Patent, Re 22,740, is disclosed in each item of the prior art to be relied upon at the trial, to the full extent that it will be contended that the prior art makes any such disclosure.

Answer: The prior art to the extent that the defendants now have knowledge of the same which will be relied upon at the trial is fully identified in defendants' First Amended Answer to Complaint. Inasmuch as the further inquiry in Interrogatory XIV is directed to argumentative matter, the defendants, unless otherwise directed by the Court, will defer explanation until the trial.

XVII.

Interrogatory: State what patents and/or publications will be offered in evidence at the trial by defendants to illustrate the prior state of the art.

Answer: The prior art to be relied upon at the trial, either for the purpose of anticipation or as illustrating the prior state of the art, is identified in the First Amended Answer to Complaint to the extent that defendants are now advised.

XVIII.

Interrogatory: State who made the parts for the sacking devices, and/or attachments therefor, used

Plaintiff's Exhibit No. 6—(Continued)

by defendants in their factory, and when they were made.

Answer: The defendants made the parts for the apparatus referred to in their own factory, except possibly for some minor standard hardware and excepting items such as electric motors, rubber belting and products generally obtainable upon the market.

XIX.

Interrogatory: If the sacking devices and/or attachments therefor were constructed by defendants in their own factory give the names of the persons who assembled or constructed such devices and/or attachments.

Answer: The defendants personally and with the assistance of employees constructed the apparatus in question.

XX.

Interrogatory: State who made the parts for the sack jiggers and/or attachments therefor used by defendants in their factory, and when they were made.

Answer: The defendants made the parts for the apparatus referred to in their own factory, except possibly for some minor standard hardware and excepting items such as electric motors, rubber belting and products generally obtainable upon the market.

Plaintiff's Exhibit No. 6—(Continued)

XXI.

Interrogatory: If the sack jiggers and/or attachments therefor were constructed by defendants in their own factory, give the names of the persons who assembled or constructed such devices and/or attachments.

Answer: The defendants personally and with the assistance of employees constructed the apparatus in question.

XXII.

Interrogatory: State in detail the alleged intervening rights, alleged in Paragraph X of the Answer, to have accrued in favor of the defendants as against the plaintiff, between the date of the grant of the original Letters Patent No. 2,347,474 and the date of application of the alleged Re-issue Letters Patent No. 22,740, giving dates, names of places and names, and addresses of persons alleged to have established such intervening rights.

Answer: Particulars in respect to the intervening rights alleged in Paragraph X of the original Answer to Complaint and in Paragraph XIX of the First Amended Answer to Complaint to have accrued in favor of the defendants as against the plaintiff are not at present known to the defendants.

/s/ H. G. McBRIDE.

Plaintiff's Exhibit No. 6—(Continued)

State of California,
County of Kern—ss.

H. G. McBride, being first duly sworn, deposes and says:

That he is one of the defendants in the above entitled action; that he has read the foregoing Defendants' Answers to Plaintiff's Interrogatories, and knows the contents thereof; that the same is true of his own knowledge, except as to the matters which are therein stated on his information or belief and as to those matters that he believes it to be true.

/s/ H. G. McBRIDE.

Subscribed and sworn to before me this 22nd day of December, 1948.

/s/ J. C. PENNER,

Notary Public in and for said County and State.

My Commission Expires March 5, 1949.

[Endorsed]: Filed December 23, 1948.

No. 12323

IN THE

United States Court of Appeals

FOR THE NINTH CIRCUIT

EARL A. ERNST,

Appellant,

vs.

A. G. CLEMENS, and, H. G. McBRIDE, and A. G. CLEMENS, and H. G. McBRIDE, doing business as IDEAL MANUFACTURING COMPANY,

Appellee.

APPELLANT'S OPENING BRIEF.

ALAN FRANKLIN,

356 South Spring Street, Los Angeles 13,

Attorney for Plaintiff-Appellant.

J. CALVIN BROWN,

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Los Angeles 14, California, FILED
MAR 23 1950

Of Counsel.

WILLIAM P. O'BRIEN,
COUNSEL

TOPICAL INDEX.

	PAGE
Jurisdiction	1
Statement of the case.....	2
Preliminary	2
The inventions in suit.....	3
Specification of errors relied upon.....	15
Issues	19
Argument	21
First Patent No. 2,288,159.....	21
Infringement of Claim 1.....	23
Patent No. 2,288,159.....	23
Issue 1	23
Issue 2	33
Second Patent	42
Infringement of Claim 1.....	46
Patent No. Re. 22,740.....	46
Issue 3	46
Issue 4	58
Issue 5	65
Conclusion	66

TABLE OF AUTHORITIES CITED

CASES	PAGE
Ace Patents Corp. v. Exhibit Supply Co., 119 F. 2d 349; mod., 315 U. S. 126, 86 L. Ed. 736.....	49
Bianchi v. Barili, 184 F. 2d 793.....	57
Blanchard v. Pinkerton, 77 Fed. Supp. 861.....	42
B. B. Chemical Co. v. Ellis, 117 F. 2d 829; aff'd 314 U. S. 495, 86 L. Ed. 367.....	33
Chesapeake & O. Ry. Co. v. Kaltenbach, 95 F. 2d 801.....	33
E. H. Bardes Range & Foundry Co. v. American Engineering Co., 109 F. 2d 696.....	55
Eibel Process Company v. Minnesota and Ontario Paper Co., 261 U. S. 45, 43 S. Ct. 279.....	36, 65
Ellett v. Klein, 22 F. 2d 807.....	32
Galland-Henning Mfg. Co. v. Logemann Bros. Co., 142 F. 2d 700	49
General Electric Co. v. Sundh Electric Co., 198 Fed. 116.....	32
General Ry. Signal Co. v. Great Northern Ry. Co., 43 F. 2d 790	56
Kings County Raisin & Fruit Co. v. Consol. S. R. Co., 192 Fed. 59	28, 48, 55
Machine Co. v. Murphy, 97 U. S. 120.....	27, 28, 38, 55
Mathews v. Koolvent Metal Awning Co., 158 F. 2d 37.....	55
Pointer v. Six Wheel Corporation, 177 F. 2d 153.....	35, 61
Samson-United Corp. v. Sears, Roebuck & Co., Inc., 103 F. 2d 312; cert. den., 307 U. S. 638, 83 L. Ed. 1519.....	49, 55
Sinclair and Carroll v. Interchemical Corp., 89 L. Ed. 1644, 325 U. S. 326.....	14
Southerland Paper Co. v. Auburn Carton Corp., 118 F. 2d	54
The Portland Telegram v. New England Fiber Blanket Co., 38 F. 2d 780.....	35, 54

	PAGE
Triangle Kopok Mach. Corp. v. Solinger Bedding Co., 13 F. 2d 494	27, 55
Weiss v. Hoe & Co., Inc., 109 F. 2d 722, 310 U. S. 639, 84 L. Ed. 1407	32
Western Electric Co. v. La Rue, 139 U. S. 601, 11 S. Ct. 670, 35 L. Ed. 294.....	28, 42, 53, 56

STATUTES

Act of March 3, 1911 (36 Stats. 1091).....	2
Judicial Code, Sec. 128(a) (43 Stats. 936, 28 U. S. C. A., Sec. 225)	2
Judicial Code, Sec. 129 (28 U. S. C., Sec. 227a).....	2
Revised Statutes, Sec. 4888 (U. S. C., Title 35, Sec. 33).....	52, 56

TEXTBOOKS

Amdur, Patent Law and Practice, Infringement, Sec. 14, pp. 627-628	32
Walker on Patents (6th Ed.), Sec. 44, p. 504.....	31
Walker on Patents (Deller's Ed.), Vol. 2, Sec. 247, p. 1212.....	35
Walker on Patents (Deller's Ed.), Vol. 3, Sec. 460, pp. 1693- 1694	32
Walker on Patents (Deller's Ed.), Vol. 3, Sec. 464, pp. 1700- 1701	28
Walker on Patents (Deller's Ed.), Sec. 466, p. 1703.....	26
Walker on Patents (Deller's Ed.), Vol. 3, Sec. 479, p. 1723.....	56
Walker on Patents (Deller's Ed.), 1948 Cum. Supp., Sec. 462, pp. 1698-1699	49

No. 12323

IN THE

United States Court of Appeals

FOR THE NINTH CIRCUIT

EARL A. ERNST,

Appellant,

vs.

A. G. CLEMENS, and, H. G. McBRIDE, and A. G. CLEMENS, and H. G. McBRIDE, doing business as IDEAL MANUFACTURING COMPANY,

Appellee.

APPELLANT'S OPENING BRIEF.

Jurisdiction.

This is a Federal suit in equity for infringement of two United States Letters Patent for two inventions, respectively, and the jurisdiction of the District Court is alleged in Paragraph III of the Complaint [Tr. p. 3] as follows:

“The jurisdiction of the Court depends upon the patent statutes of the United States of America, and more particularly upon Section 24 of the Judicial Code. Par. 7, and R. S. Sec. 4921 (U. S. C. Title 35, Sec. 70).”

The jurisdiction of the District Court is admitted in Paragraph III of the First Amended Answer to Complaint [Tr. p. 5] as follows:

“Defendants admit the averments of Paragraph III of the Complaint.”

The jurisdiction of the District Court is also established by conclusion of law [Tr. p. 31].

This Honorable Court of Appeals has jurisdiction to review the final judgment of the District Court on appeal, according to Section 128(a) of the Judicial Code as amended (43 Stat. L. 936, 28 U. S. C. A. Sec. 225), and the Act of March 3, 1911, 36 Stat. 1091 (Judicial Code, Sec. 129 (U. S. C. Title 28, Sec. 227a)).

Statement of the Case.

PRELIMINARY.

This is a suit in equity for infringement of United States Letters Patent No. 2,288,159, issued in the name of Fredrick J. Ernst to plaintiff-appellant, Earl Ernst, Administrator of said Fredrick J. Ernst, on June 30, 1942, for an invention in a Sacking Device, Plaintiff's Exhibit No. 1 [Tr. p. 46] and for infringement of United States Letters Patent No. Re. 22,740, issued to the plaintiff-appellant, herein, Earl A. Ernst, on April 2, 1946, for an invention in a Sack Jigger, Plaintiff's Exhibit No. 2 [Tr. p. 46], which two inventions, covered by said letters patent, being combined in one machine, have been and are now being used extensively in the United States and in Canada [Tr. p. 55] for, delivering potatoes into sacks and for "jiggling" said sacks and thereby settling and packing the potatoes in said sacks. Said Letters Patent No. Re. 22,740, Plaintiff's Exhibit No. 2 is a reissue of appellant's United States Letters Patent No. 2,347,474, issued April 25, 1944, for an invention in a Sack Jigger, Plaintiff's Exhibit No. 2-A [Tr. p. 47].

The Inventions in Suit.

Before the advent of appellant's inventions in suit, the sacking of potatoes, or packing potatoes in sacks for the market, was done almost entirely by hand. Appellant started in the business of farming potatoes as a boy of thirteen years on small potato farms in Yakima, Washington, where he first saw potatoes sacked in the year 1913, by hand, on a little stationary table. In 1920 a conveyor belt table was made for sacking the potatoes, which device was powered by a hand crank, but said device was obviously slow in operation and not a capacity potato sacking machine [Tr. p. 52]. In 1939 appellant came to Bakersfield, California, which is the center of one of the largest potato farming areas in the world, and found a slow and small capacity potato sacking machine in use in that farming area, a photograph of which machine is found in Plaintiff's Exhibit No. 7. This machine had a belt conveyor, from one end of which potatoes were delivered into one of two empty sacks supported on a shiftable platform, and when said sack was filled with potatoes, said platform was shifted, by hand, to shift said filled sack out of its filling position and to shift the remaining empty sack on the platform into its filling position to be filled with potatoes delivered thereto from said delivery end of said belt conveyor. The filled sack was then removed from said platform, while said remaining second sack was being filled with potatoes, and a third empty sack was then placed on the platform in the position from which said first filled sack was removed. When the second sack was filled with potatoes, it was removed from the platform and said platform was shifted in a reverse direction back to its said first position to bring said third sack on the platform into position to be filled with potatoes from the belt conveyor

as the first sack was filled. The above described cycle of operations was then repeated to fill as many sacks of potatoes as desired. The filled sacks removed from the platform had to be shaken or "jiggered" by hand to settle and pack the potatoes in the sacks, and, as the potatoes settled down in the sacks, more potatoes had to be put into the top of said sacks to fill the same completely. It will be noted that this slow and small-capacity potato-sacking machine, Plaintiff's Exhibit No. 7, had *no jigger board* below and alongside *one side* of the belt conveyor, *nor any baffle plate* or shearer *movable longitudinally* over the belt conveyor, as included and patented in the F. J. Ernst patent in suit No. 2,288,159, to *deflect* the potatoes over the *side edge* of the conveyor belt, successively into the manifold empty sacks supported on the jiggerboard below said conveyor as included and patented in the E. A. Ernst patent in suit, No. Re. 22,740. Said slow and small capacity machine, Plaintiff's Exhibit No. 7, was the fastest and largest capacity machine in the potato-sacking industry, and the only potato-sacking machine known in the art, as taught by all of the thirty-four prior patents set up in the defendants'-appellee's answer, when the Ernst brothers came to Bakersfield, California, in 1939 [Tr. p. 53]. Said potato-sacking machine, Plaintiff's Exhibit No. 7, being only a small capacity machine and very slow in operation, was entirely inadequate to meet the demands of the potato farmers in the Bakersfield area, who wanted to get a higher capacity of sacked potatoes, equal to at least fifteen (15) railroad freight cars a day, when they were getting only around ten (10) cars a day. The best that said machine, Plaintiff's Exhibit No. 7, could do in sacking potatoes was 150 sacks an hour by one man working like the dickens [Tr. p. 87]. Said machine, incidentally, is still being used

today, but only by small potato farmers, or people who want to run around 100 to 150 sacks of potatoes an hour. It has no utility as a large capacity machine [Tr. pp. 53, 87 and 90].

When appellant surveyed the potato sacking situation in the Bakersfield area, showing the crying need for increasing the capacity of the industry for sacking potatoes for the market, he started building a capacity sacking machine, and more particularly in developing machinery that would do the particular job of sacking potatoes for fifteen freight cars a day, to meet the demand of the potato farmers in the Bakersfield area. Appellant's experimental and development work resulted in the inventions of the patents in suit and the building of a machine embodying those inventions, as shown in Plaintiff's Exhibits 8, 9, and 10, which machine has the capacity of sacking from 500 to 600 sacks of potatoes per hour [Tr. pp. 54-55]. That machine more than met the demand of the potato farmers in the Bakersfield area for delivery of sacked potatoes for fifteen railroad freight carloads a day. There was considerable interest shown in appellant's new capacity potato sacking machine by people in the potato industry, who claimed it was one of the best items they had on the market for potatoes. Appellant first received orders for his said machine in the early 1940's and has since sold his machine continuously all over the whole country, from Idaho, Canada, Washington, Arizona, Utah, and Colorado. Appellant's machine has become generally very popular in the potato sacking industry [Tr. pp. 55 and 91].

Said Letters Patent No. 2,288,159, Plaintiff's Exhibit No. 1, were duly and legally issued to Earl Ernst, plaintiff, and appellant herein as, Administrator of the estate

of his deceased brother, Fredrick J. Ernst [Plaintiff's Exhibit No. 3, Tr. pp. 50 and 76] in whose name said Letters Patent appears, but title to said Letters Patent passed, under the laws of the State of California to Joseph A. Ernst and Mary J. Ernst, husband and wife, and surviving parents of said decedent, Fredrick J. Ernst, who never married and who died intestate. By an instrument, in writing, dated July 20, 1943 [Tr. p. 50, Plaintiff's Exhibit 4], the said Joseph A. Ernst and Mary J. Ernst assigned, transferred and set over to the plaintiff-appellant herein, Earl A. Ernst, his successors or assigns, all their right, title and interest in and to said Letters Patent No. 2,288,159, together with all their right or rights of action for any past infringement of said Letters Patent, and since said date, July 20, 1943, plaintiff-appellant has been and now is the sole owner of those Letters Patent [see Finding IV, Tr. p. 22].

Appellant's said first patent No. 2,288,159, which appears in the name of his deceased brother, Fredrick J. Ernst, Plaintiff's Exhibit No. 1, relates to a machine or device for sacking articles, such as potatoes, oranges, etc., but more particularly potatoes. The machine is adapted to receive the potatoes, or other articles, from a grader, or otherwise, and carry them along on an elongated endless belt indicated 18 or 19, and deliver the same, by means of an adjustable baffle "plate" or shearer indicated 52, from the outer edge of said belt, into open bags or sacks, indicated 12, which sacks are supported on a platform 51, and held open by holders 35, along said outer edge of said belt and below said belt, as clearly shown in the patent drawing. The baffle plate 52 extends obliquely across the belt 18 or 19 and is mounted at its ends on sleeves 54 and 55, which slide on rods 56 and 57 extending longitudinally of the

belt 18 or 19, above the belt. The "plate" or shearer 52 is manually operated and can be easily slid along the rods 56 and 57, from bag-to-bag, by applying *manual force* at the top edge of the plate, for delivering potatoes from the belt to an empty bag, after the plate 52 has delivered potatoes into and filled a preceding bag, and such intermittent movement of the plate 52 along the rods 56 and 57 from bag-to-bag is repeated until said plate has delivered potatoes into and filled all of the bags on the platform 51 along the side of the machine. A most important advantage of this machine is that the construction, arrangement and operation of the baffle plate 52 is such that when used on appellant's Sack Jigger covered by patent Re. 22,740, Plaintiff's Exhibit No. 2, it makes it possible to fill bags and sack potatoes considerably faster than any machine in the potato sacking industry [Tr. pp. 52-57]. The baffle plate or shearer indicated 52 in plaintiff's patent No. 2,288,159, Plaintiff's Exhibit No. 1, is indicated 72 in plaintiff's patent Re. 22,740.

Plaintiff's Letters Patent Re. 22,740, Plaintiff's Exhibit No. 2, is a Sack Jigger for shaking and "jiggling" sacks, indicated 34, and their contents, particularly potatoes, so as to settle the potatoes to the bottom of the sacks and compact them in said sacks. The invention embodied in said Letters Patent Re. 22,740, is shown adapted to and combined with the Sacking Device covered by Plaintiff's Letters Patent No. 2,288,159, Plaintiff's Exhibit No. 1, and said combined machine, as shown in said patent Re. 22,740, comprises generally a jigger board or *platform* indicated 22 and vibratory operating mechanism mounted in the central frame unit, indicated 1, of said machine for reciprocating, or moving said jigger board horizontally lengthwise forwardly and backwardly for jiggling the

potato sacks 34 supported upon said jigger board 22. Said jigger board is operatively suspended from the frame of the machine at its ends, and at two points intermediate its ends, by hanger means, such as straps or links 23, which links are pivotally connected at their upper ends to frame extension 24, and at their lower ends to the jigger board 22, as clearly shown in Figure 1 of the drawing of said patent Re. 22,740. The jigger board 22, as shown in said patent, is suspended by said links 23, at the front side edge of and below two endless horizontal conveyor belts 46-46, each of which belts travels over a pair of rollers 47 and 48, the rollers 48 over which said belts travel being mounted in bearings 50 (Fig. 3) close together in the central frame unit 1 of the machine, and the rollers 47, over which said belts travel being mounted in bearings 49 on the end posts of two elongated side portions or extensions 2 and 3, respectively, of the machine. The jigger board 22 is constructed with a series of cleats 28, secured to the upper side of said jigger board, across the same, in spaced relation opposite each elongated side portion or extension 2 or 3 of the machine, which spaced cleats 28 present a plurality of areas or stations upon which the bottoms of the open sacks 34 are placed to be loaded. Said cleats 28 also strengthen the jigger board and tend to reduce the likelihood of its warping. The upper open ends of the sacks 34 are hung onto a pair of spaced hooks 36, as shown in Figs. 6 and 7 of the drawing of the Re. 22,740 patent, which hooks are fixed to the inner periphery of the sack spreader loops in the frame units 37, which are mounted at their inner ends on the planks 12 at the upper edges of said planks, which are secured on the front faces of the side portions 2 and 3 of the machine. The spreader loops 44 in the frame units 37 and the hooks 36 (Figs. 6

and 7) carried by said loops are located slightly below the level of the upper reaches of the conveyor belts 46 and forwardly of the outer or front side edges of said belts, as clearly shown in Figs. 1, 2, 3, 5 and 7, of the patent drawing, so that the potatoes on said upper reaches of said conveyor belts 46 may be diverted therefrom by baffle plates or shearers 72 over said outer or front side edges of said belts into the upper open ends of the sacks 34 supported on the jigger board 22 and held open at their upper ends by the hooks 36 fixed to the inner periphery of the sack spreader loops of the frame units 37. The baffle plates or shearers 72 correspond to the baffle plate or shearer 52 of the patent in suit No. 2,288,159, Plaintiff's Exhibit 1, and said baffle plates or shearers 72 are slidably mounted above the upper reaches of the conveyor belts 46 by means of sleeves 73 and 74, slidable on rails or rods 75 and 76, respectively, to which sleeves the ends of said baffle plates 72 are secured and which rails or rods are located above the side edges respectively of the conveyor belts 46, with one end of said rails or rods secured to the upper ends of the outer-end supporting posts 8 and 9 of the side portion 2 of the machine, and the other ends of said rails or rods 75 and 76 secured to the upper ends of the outer-end supporting posts 10 and 11 of the side portion 3 of the machine.

The vibratory mechanism, mounted in the central frame unit 1 of the machine for moving the jigger board 22 lengthwise forwardly and backwardly horizontally, for jiggling said jigger board to settle and pack the potatoes in the sacks 34, comprises an electric motor 67, on the shaft of which motor is secured a small pulley wheel 68; an endless belt 69 extending over said pulley wheel 68 and over a larger pulley 66 secured on a shaft 54 journaled at its ends in bearings on the horizontal frame members 20 of

the central frame unit 1 (Figs. 1 and 2); a small sprocket 65 secured on said shaft 54, and a chain 70 (Fig. 1) extending over said sprocket 65 and over a larger sprocket 55' secured on a shaft 53 (Figs. 1 and 2); and a crank 56 (Fig. 2) on the near end of said shaft 53 journaled in a plate 57 (Fig. 2) of a push and pull rod unit or "jigger" 58 (Fig. 1), which includes a bar 59 secured at one end to said plate 57, and pivotally connected at its outer end at 61, to the upper end of the vertical arm 62 of an angle bracket 60, the horizontal arm 63 of which bracket is bolted to the jigger board 22. The plate 57 and the bar 59 connected to said plate constitute the "pitman" referred to in claim 1 of the patent (Re. 22,740) on which claim this suit is brought.

Driving mechanism is provided for driving the conveyor belts 46 from the motor 67, which mechanism comprises a sprocket wheel 55 (Fig. 2) secured on the shaft 53 and a chain 71 extending over said sprocket 55 and over a small idler sprocket wheel 52 and sprocket wheels 51-51 secured on the shafts 48'-48' of the inner end rollers 48-48, respectively, which shafts 48'-48' are journaled in bearings on horizontal bar members 21 of the central frame unit 1, the idler sprocket wheel 52 also being journaled in a bearing in one of said bar members 21.

In operation, the unfilled sacks 34 are first placed upon the platform or jiggerboard 22, with the bottom of each sack resting upon said jiggerboard over a station cleat 28 and with the upper open end of each sack hung at four corners on the four hooks 36 of a frame unit 37, within the U-shaped spreader loop 44 of said frame unit, which loop is held in its adjusted spread position by set screws 45 in tubular supports 42 and 43 in which supports the loop

ends are telescopically fitted, as shown in Fig. 1 and as illustrated in Figs. 5, 6 and 7, of the patent drawing. The cleats 28 provide stations for the sacks 34 in suitably spaced relation along the platform or jiggerboard 22, and hold said sacks against slipping lengthwise on said jiggerboard and in position to receive the potatoes from the conveyor belts 46. The motor 67, being turned on, the platform or jiggerboard 22 is reciprocated or moved forwardly and backwardly lengthwise by said motor, through the medium of the motor pulley 68, belt 69, pulley 66, shaft 54, sprocket 65, chain 70, sprocket 55', shaft 53, crank 56, jigger 58 and bracket 60, while the conveyor belts 46-46 are driven, with their upper reaches moving outwardly over their rollers 48-48 and 47-47, by said motor 67, through the medium of said parts for reciprocating said jiggerboard, sprocket 55 on shaft 53, and the chain 71 extending over said sprocket 55, the idler sprocket 52 and the belt roller sprockets 51-51. Potatoes are then delivered from a grader or otherwise, onto the inner ends of the upper reaches of the endless conveyor belts 46-46, and said potatoes are conveyed outwardly by said belts on their upper reaches until said potatoes strike against the two baffle plates or shearers 72 above the belts 46 on the side portions 2 and 3, respectively, of the machine, and said potatoes are deflected laterally and forwardly by said baffle plates from the belts 46-46 over the front side edges of said belts, at the front of the machine, and the potatoes are dropped into two open sacks 34, respectively, supported on the left and right end portions of the platform or jiggerboard 22, at the front of said side portions 2 and 3, respectively, of the machine, and the potatoes thus dropped into said sacks are "jiggled" and thereby settled and packed compactly in said sacks by the horizontal forward and

backward movement of the platform or jiggerboard 22 which movement is produced by the motor 67 and interconnected parts as aforesaid.

In the operation of the machine, the baffle plates 72 may be moved manually inwardly or outwardly on the rods 75 and 76 from one sack 34 to another, as each sack is filled with potatoes, deflected from the belts 46 by said baffle plates, and as each sack is filled with potatoes it is disconnected at its upper end from the frame unit 37 holding said end of said filled sack, and said filled sack is removed from the platform or jiggerboard 22, and another unfilled sack is positioned on said jiggerboard and hooked in said frame unit 37 at its upper end in place of said removed filled bag, without stopping the machine. The sleeves 73 and 74 to which the baffle plates 72 are secured may be made to slide freely on the rods 75 and 76 in which case the operator would hold the plate in position opposite each sack until the sack was filled with potatoes deflected by said plate, or the sleeves 73 and 74 could be made to fit the rods 75 and 76 more closely so that the potatoes striking the plate would tend to turn the plate and cause the close-fitting sleeves to bind on said rods and automatically hold the baffle plate 72 firmly in position opposite each sack until it is filled, whereupon the operator with a little manual force applied to the upper part of said baffle plates may release the binding engagement of the sleeves 73 and 74 with the rods 75 and 76 and move the sleeves 73 and 74 along the rods 75 and 76 together with said baffle plates 72 to the next sack for filling the same with potatoes.

In said Letters Patent, in suit, No. Re. 22,740, page 1 of the specification first column, in third and second lines from the bottom of the page, it is stated:

“One of the side portions may be omitted entirely.”

The side portions referred to are the side portions 2 or 3 at the left and right sides, respectively, of the central frame unit 1 of the machine. If, for example, the left side portion 2 of the machine were omitted and the corresponding left end portion of the jiggerboard 22 opposite said left side portion of the machine were cut off from the remaining portion of said jiggerboard, the vibratory means, including the “pitman” formed by the plate 57 and bar 59 would be *connected by said pitman at the left end of the jiggerboard 22, as at 61*, by the bracket 60, which would, in that case, be *at said end open locus* of the jiggerboard, instead of at a central open locus corresponding to the central frame unit 1 of the machine, which locus is referred to in claim 1 of the patent. The machine with one side portion 2 or 3 omitted would leave the other side which would function the same as if the omitted side were retained, and the machine with only one side portion 2 or 3 would be what is known in the industry as “*a one-man jigger*” [Tr. pp. 59-60], as shown in Plaintiff’s Exhibit 12-B.

The defendants-appellees and others controlled by them have manufactured, used and sold machines for delivering potatoes into sacks and for “jiggling” said sacks and settling and packing the potatoes in said sacks, which machines embody the inventions of the patents in suit and

infringe Claim 1 of each of said patents, said infringing machines of the defendants-appellees being shown and described in Plaintiff's Exhibits 5 and 6, Plaintiff's Interrogatories and Interrogatory Exhibits 1, 2 and 3-3, and shown in Plaintiff's Exhibits Nos. 11-A, 11-B and 11-C, Plaintiff's Exhibits Nos. 12-A and 12-B, Plaintiff's Exhibit 13 for Identification, and Defendant's Exhibits A, B, C, D and E.

The District Court has held Claim 1 of each patent in suit *valid* [Tr. pp. 17 and 31-32], but not infringed, and since defendants-appellees have not taken an appeal from the judgment of the lower court holding Claim 1 of each patent in suit valid, said judgment is *final* as to the validity of said claims, and the only question on appeal to be decided by this Honorable Court is the question of *infringement* by the appellees, of Claim 1 of each of appellant's patents in suit [Tr. pp. 17 and 31-32], the remaining claims of said patents not being sued on or involved in this litigation.

The final Judgment of the District Court [Tr. p. 33] is contrary to said court's decision [Tr. p. 17] and the Findings of Fact, XVIII and XIX and Conclusions of Law 2 and 3 [Tr. pp. 31-32], since said Judgment erroneously dismissed the whole Complaint upon the merits, and failed to adjudicate Claim 1 of each patent in suit valid in accordance with said Court's decision and Findings of Fact and Conclusions of Law, and the ruling of the Supreme Court in *Sinclair and Carroll v. Interchemical Corp.*, 89 L. Ed. 1644, 1646, 325 U. S. 326, 330.

Specification of Errors Relied Upon.

Appellant, Earl A. Ernest, presents this specification of errors relied upon and intended to be urged in the prosecution of his appeal from the Final Judgment of the District Court below, entered herein on or about March 28, 1949, and asserts that said trial court erred in each of the following respects, to-wit:

1. In holding and deciding that Claim 1 of Patent No. 2,288,159 (F. J. Ernst), issued June 30, 1942, is not infringed by the defendants.

2. In holding and deciding that Claim 1 of Reissue Patent No. Re. 22,740, reissued on April 2, 1946, is not infringed by the defendants.

3. In rendering judgment for the defendants; neither side to recover any costs.

4. In not adjudging and decreeing that Claim 1 of Patent No. 2,288,159 of Fredrick J. Ernst, issued June 30, 1942, is infringed by the defendants, and each of them.

5. In not adjudging and decreeing that Claim 1 of Reissue Patent No. 22,740, of Earl A. Ernst, reissued on April 2, 1946, is infringed by the defendants, and each of them.

6. In failing to render judgment for the plaintiff as prayed, including his costs, an injunction, and an account for damages against defendants, and each of them.

7. In unduly limiting Claim 1 of Letters Patent in suit, No. 2,288,159, to such narrow scope as to enable the defendants to escape infringement of said claim, and

despite the failure of the prior art to impose any such limitation upon said claim.

8. In unduly limiting Claim 1 of Reissue Letters Patent No. Re. 22,740, in suit, to such narrow scope as to enable the defendants to escape infringement of said claim, and despite the failure of the prior art to impose any such limitation upon said claim.

9. In failing to accord Claim 1 of Letters Patent No. 2,288,159, in suit, its proper and full scope beyond the prior art, to which it is fairly entitled, and in failing to hold the defendants' accused machines infringements of said claim in accordance with its true scope.

10. In failing to accord Claim 1 of Reissue Letters Patent No. Re. 22,740, in suit, its proper and full scope beyond the prior art, to which it is fairly entitled, and in failing to hold the defendants' accused machines infringements of said claim in accordance with its true scope.

11. In failing to give Claim 1 of Letters Patent No. 2,288,159, in suit, a liberal interpretation in view of the substantial advance in the art made by the invention covered by said claim, and in failing to hold the defendants' accused machines infringements of said claim as so interpreted.

12. In failing to give Claim 1 of Reissue Letters Patent No. Re. 22,740, in suit, a liberal interpretation, in view of the substantial advance made in the art by the invention covered by said claim, and in failing to hold the defendants' accused machines infringements of said claim, as so interpreted.

13. In failing to recognize the long step forward, taken by the inventions, as covered by the claims in issue

of the patents in suit, and the substantial advance in the art marked by said inventions, and in failing to apply the applicable rule of construction to said claims, which entitled said claims to a liberal construction, whereby said claims may be read to include the defendants' accused potato-sacking machines, and to establish infringement of said claims by the defendants and each of them.

14. In deciding and holding, contrary to the evidence, that Claim 1 of Patent No. 2,288,159 (F. J. Ernst), issued June 20, 1942, is not infringed by the defendants.

15. In deciding and holding, contrary to the evidence, that Claim 1 of Reissue Patent No. Re. 22,740, reissued on April 2, 1946, is not infringed by the defendants.

16. In failing to order, adjudge and decree, in the formal judgment of the court, that Claim 1 of Patent No. 2,288,159 of Fredrick J. Ernst, issued June 30, 1942, is good and valid in law, in accordance with the decision of the court, dated and filed March 12, 1949.

17. In failing to order, adjudge and decree, in the formal judgment of the court, that Claim 1 of Reissue Patent No. Re. 22,740, reissued on April 2, 1946, is good and valid in law in accordance with the decision of the court.

18. In not finding that the inventions, as defined by the claims in issue of the patents in suit, are a distinct advance in the art and rendered all other systems in the art obsolete.

19. In not finding that the defendants did not follow the prior art in their alleged noninfringing machines, but followed and adopted the systems defined by the claims in issue of the patents in suit.

20. In not holding that the patents in suit marked a distinct advance in the art over and beyond the skill of the calling.

21. In not finding that the plaintiff's method and devices as defined by the claims in issue of the patents in suit, supplanted all other systems of like nature in the potato-sacking art.

22. In that the several findings and conclusions are not in accordance with the facts or in accordance with the law of the case.

23. In holding that the inventions in suit are in a crowded art, as contrary to the evidence and contrary to law.

24. In failing to find that none of the prior patents pleaded by the defendants were ever adopted or used, and that said patents are of the paper type.

25. In finding IX as contrary to the evidence and contrary to law.

26. In finding X as contrary to the evidence and contrary to law.

27. In holding and deciding that Claim 1 of the patent in suit, No. 2,288,159, is required to be narrowly construed and thus construed is valid, but not infringed by the defendants.

28. In failing to order, adjudge and decree that Claim 1 of the patent in suit, No. 2,288,159, is entitled to a liberal interpretation commensurate with its broad scope in view of the prior art and in view of the fact that said patent marked a substantial advance in the art, and thus interpreted is good and valid in law, and is infringed by the accused devices of the defendants and each of them.

29. In holding and deciding that Claim 1 of the patent in suit, Reissue 22,740, is required to be narrowly construed and thus construed is valid, but not infringed by the defendants and each of them.

30. In failing to order, adjudge and decree that Claim 1 of the patent in suit, Reissue 22,740, is entitled to a liberal interpretation commensurate with its broad scope, in view of the prior art, and in view of the fact that said patent marked a substantial advance in the art, and thus interpreted is good and valid in law, and is infringed by the accused devices of the defendants and each of them.

31. In holding and deciding that the Complaint should be dismissed for want of equity, as to the charge of infringement by the defendants of the patents in suit.

32. In Ordering, Adjudging and Decreeing that the Complaint herein be and it is hereby dismissed upon the merits.

Issues.

1. Do the devices and machines made, used, and/or sold by the defendants-appellees infringe Claim 1 of Patent No. 2,288,159 in suit? This issue is presented by Appellant's Specification of Errors Relied Upon, Nos. 1, 4, 7, 9, 11, 13, 14, 19, 27, and 28.

2. Should Claim 1 of Patent No. 2,288,159 in suit, be narrowly construed or limited in view of the prior art, to such extent as to read out of said claim the devices and machines made, used and/or sold by defendants-appellees, which devices and machines are alleged to infringe said claim of said patent? This issue is presented to this Honorable Court by appellant's Specification of Errors

Relied Upon, Nos. 7, 9, 11, 13, 18, 19, 20, 21, 23, 24, 27, and 28.

3. Do the devices and machines made, used and/or sold by the defendants-appellees infringe Claim 1 of Patent No. Re. 22,740 in suit? This issue is presented by Appellant's Specification of Errors Relied Upon, Nos. 2, 5, 8, 10, 12, 13, 15, 19, 25, 26, 29 and 30.

4. Should Claim 1 of Patent No. Re. 22,740 in suit, be narrowly construed or limited, in view of the prior art, to such extent as to read out of said claim the devices and machines made, used and/or sold by defendants-appellees, which devices and machines are alleged to infringe said claim of said patent? This issue is presented by appellant's Specification of Errors Relied Upon, Nos. 8, 10, 12, 13, 18, 19, 20, 21, 23, 24, 25, 26, 29 and 30.

5. Are the Decision, Findings of Fact and Final Judgment of the District Court concerning the question of infringement of one or both patents in suit, contrary to the evidence? This issue is presented by Appellant's Specification of Errors Relied Upon, Nos. 1, 2, 4, 5, 7, 8, 9, 10, 11, 12, 13, 14, 15, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, and 30.

6. Are the Decision, Conclusions of Law and Final Judgment of the District Court contrary to law? This issue is presented by Appellant's Specification of Errors Relied Upon, Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 16, 17, 22, 23, 25, 26, 27, 28, 29, 30, 31 and 32.

ARGUMENT.

This suit for infringement being brought on two patents, said patents will be taken up in the order of their dates of issuance by the Patent Office.

First Patent No. 2,288,159.

The first Patent No. 2,288,159, issued to Fredrick J. Ernst, June 30, 1942, is for a Sacking Device or a device for unloading belt conveyors of articles, such as potatoes and the like, into sacks 12, respectively, which sacks are supported alongside of and below a side edge of conveyor belts 18 and 19 on a platform 51, in position to receive said articles unloaded from said side edge of said conveyor belts, whereby said articles are sacked for the market. The invention covered by Claim 1 of said patent, which is the only claim of said patent on which this suit is brought, relates particularly to the shiftable baffle plate or shearer indicated at 52 in the patent drawing, which plate is mounted in any suitable maner to be shifted or moved longitudinally over a belt conveyor from one of said sacks 12 to another for deflecting and unloading articles, such as potatoes or the like, from said belt conveyor over a side edge of the belt into said open sacks, respectively, which are supported adjacent to and slightly below said edge of said conveyors.

Claim 1 of appellant's said first patent, No. 2,288,159, which is the claim of said patent sued on, is as follows:

"1. A device for unloading belt conveyors of articles, an endless belt, roller means coupled to the belt at its ends for supporting it, mechanism for

rotating the roller means, a pair of spaced bars longitudinally of the belt and substantially the length thereof, said bars being spaced above and substantially over the longitudinal edges of the belt, a loose sleeve on each bar having attached coupling means to hold a plate, a plate having a portion of its ends in the coupling means, said coupling means forming an acute angle with the sleeves so that the plate is positioned obliquely across the belt for the purposes described."

Important elements of the invention covered by said claim are an *endless belt*, indicated at 18 or 19 in the patent drawing, mechanism for rotating the belt roller means, a pair of spaced bars 56 and 57 extending longitudinally of each belt and substantially the length thereof above the edges of the belt, *loose sleeves*, 54 and 55, or *their equivalent movable along said bars*, respectively, and a plate 52 coupled or connected at its ends to said sleeves, respectively, so that said plate is positioned *obliquely* across said belt 18 or 19, against which plate the articles, such as potatoes, are brought by said belt, and said articles are deflected and shifted by said plate over a *side edge* of said belt into the sacks 12, respectively, supported on the platform 51 alongside of and below said side edge of said belt conveyor. As each sack 12 is filled with potatoes deflected by the plate 52 into a sack, said plate is moved along the rods 56 and 57 to the next sack to be filled and so on until all of the sacks are filled with potatoes. The plate 52 stays in each position to which it is moved on the rods 56 and 57 until the potatoes are deflected by said plate into each sack 12, and said plate does not have to be locked to hold it in position for deflecting the potatoes into any sack [Tr. pp. 56-57].

INFRINGEMENT OF CLAIM 1.

Patent No. 2,288,159.

ISSUE 1.

Infringement of Claim 1 of Patent in suit, No. 2,288,159, by defendants-appellees, is shown clearly in Plaintiff's Interrogatories and Defendants' Answers to Plaintiff's Interrogatories including Exhibit 1, Exhibit 2, and Exhibits 3-3 of said Interrogatories, Plaintiff's Exhibits 5 and 6, Plaintiff's Exhibits No. 11-B, and Defendants' Exhibits A, B, C, D and E.

Interrogatory Exhibits 1, 2 and 3 of Plaintiff's Interrogatories, Exhibit 5, and Defendants' Answers to Plaintiff's Interrogatories II, VII, IX, and XI, Plaintiff's Exhibit 6, prove that defendants-appellees since the date of Patent in suit No. 2,288,159, June 30, 1942, have made, used and/or sold a sacking device or a device for unloading belt conveyors containing all of the elements of the combination of elements included in Claim 1 of said Patent No. 2,288,159, and consequently defendants-appellees have infringed said claim of said patent.

Defendants' Answer to Plaintiff's Interrogatory VII admits that defendants-appellees have made, used, and sold a sacking device or device for unloading belt conveyors prior to the filing of this suit as shown in Exhibit 1 of said Interrogatory, and Defendants' Answer to Plaintiff's Interrogatory IX admits that the defendants-appellees have manufactured and sold a sacking device or device for unloading belt conveyors, prior to the filing of this suit, as shown in Exhibit 2 of said Interrogatory, and as covered by Claim 1 of Patent in suit, No. 2,288,159. Defendants' Answer to Plaintiff's Interrogatory XI admits that defendants-appellees have made and sold ap-

paratus as illustrated in Exhibit 3-3 of said Interrogatory. The Exhibit 3 showing a full machine on a smaller scale than the other Exhibit 3 shows the baffle plates or shearers 52 slidably mounted over the belt conveyors 18 and 19, as described and claimed in Claim 1 of the Patent in suit, No. 2,288,159.

Defendants' counsel stipulated that Plaintiff's Exhibits 11-A, 11-B and 11-C are photographs of one of the machines manufactured by the defendants. [Tr. p. 61.] Plaintiff's Exhibit 11-B shows the baffle plates for diverting potatoes from a belt conveyor over the outer side edge of the conveyor into sacks, which baffle plates are covered by Claim 1 of the Patent in suit, No. 2,288,159, and are designated 52 in said patent.

Defendants' Exhibits A, B, C, D and E, photographs of defendants' accused sacking machines, show every element or its equivalent, in the *combination* of elements contained in Claim 1 of appellees' patent in suit, No. 2,288,159, and consequently said accused sacking machines of the defendants shown in said exhibits infringe said claim of said patent.

Defendants' Exhibits A, B and C show one and the same form of defendants' accused sacking machines, or devices for unloading belt conveyors [Tr. pp. 108 and 109].

Defendants' Exhibit D, from the only testimony concerning it given by defendants' witness, Darby Day, is evidently the same type of machine shown in Plaintiff's Exhibit 11-C and Plaintiff's Exhibit 13 [Tr. p. 112], while Defendants' Exhibit E, from the testimony of the same witness, is evidently of the type of machine shown in Defendants' Exhibits A, B and C, and in Plaintiff's Exhibit 11-B, but the testimony of said witness concern-

ing the operation of this form of defendants' machine, Defendants' Exhibit E, is not very clear. However, both of Defendants' Exhibits D and E show a baffle plate, which is movable over and along a conveyor belt to divert potatoes from said belt over its outer edge into sacks supported on a jigger board below.

The defendants have made slight modifications in the details of the construction of their baffle plate in an obviously crude and futile attempt to avoid infringement of Claim 1 of appellant's patent in suit No. 2,288,159.

Instead of the appellant's loose sleeves, indicated 54 and 55, in his said patent No. 2,288,159, the defendants-appellees have substituted what they call *trolleys* [Tr. p. 69, Plaintiff's Exhibit 11-B] comprising a carriage with wheels which roll on *two rods* as shown in Interrogatory Exhibits 1 and 2, of defendants' machine [Plaintiff's Exhibit 5 and Plaintiff's Exhibit 6, Defendants' Answer to Interrogatory II]. Said *trolleys* of the defendants' machine are Form 1 of appellee's machine and are nothing more than a *change of form* and a *mechanical equivalent* of appellant's *loose sleeves*, because said trolleys of appellees' machine *perform the same function in substantially the same manner and accomplish the same result as appellant's loose sleeves*, in serving as a carriage for the baffle plate to enable said plate to be moved along rods or tracks longitudinally over the belt conveyor from one sack to another, for diverting and unloading potatoes from the conveyor over its side edge successively, into the sacks supported on the jigger board, below said edge of the conveyor. The *trolleys* [Plaintiff's Exhibit 11-B] carrying the *appellees'* baffle plate, meet the acid test of equivalency of the appellant's *loose sleeves* 54 and 55, carrying *appellant's* baffle plate, designated 52 in the specification and

drawing of appellant's patent in suit, No. 2,288,159, and included in Claim 1 of said patent.

"There are two tests of equivalency: (a) identity of function; (b) substantial identity of way of performing that function."

Walker on Patents (Deller's Ed.), Sec. 466, p. 1703.

The carriages for the baffle plate in appellees' devices or machines for unloading potatoes from the conveyor belt into sacks, as shown in one of Plaintiff's Interrogatory Exhibits 3 of Plaintiff's Exhibit 5; in Plaintiff's Exhibit 11-B; in Defendants' Exhibits A, B, C and E; and in Defendants' Exhibit D, are likewise mechanical equivalents of appellant's baffle plate carriages embodied in appellant's *loose sleeves* designated 54 and 55 in appellant's Patent No. 2,288,159.

In said Plaintiff's Interrogatory Exhibit 3 of Plaintiff's Exhibit 5, Plaintiff's Exhibit 11-B and Defendants' Exhibits A, B, C and E, instead of *two rods* being used as tracks for the baffle plate trolleys, as shown in Plaintiff's Interrogatory Exhibits 1 and 2 of Plaintiff's Exhibit 5, and as stated in Defendants' Answer to Interrogatory II, as Form 1, defendants-appellees use what they designate as Form 2 in their Answer to Plaintiff's Interrogatory II, which Answer describes said Form 2 of defendants' baffle plate carriage and tracks on which said carriage runs, as follows:

"Form 2. This form is identical to Form 1, *except* that only *one overhead rod* and *trolley* association is employed. On the opposite side a horizontal *track* is formed as a part of a steel *plate* extending along-

side the belt as an element of the table framework upon which the rollers and associated mechanism are supported. On this *track* for rolling movement is a *sheave and axle which connects with one end of the shear plate.*”

Said *sheave and axle* of said Form 2 of the defendants'-appellees' baffle plate carriage and tracks are best shown in Plaintiff's Exhibit 11-B and in Defendants' Exhibits A, B and C. This form of defendants'-appellees' baffle plate carriage and carriage tracks comprising a *trolley* at one end of the baffle plate running on a single *rod*, and a *sheave* at the other end of the baffle plate running on the upper edge of an elongated *plate*, is nothing more than a *change of form* from appellant's carriage comprising a pair of *loose sleeves* connected to both ends of the baffle plate and running on a *pair of rods*. Such a *change of form* of the appellees' baffle plate carriage is nothing more than a *mechanical equivalent* of appellant's baffle plate carriage and is an infringement of claim 1 of appellant's patent No. 2,288,159. A *change of form* of a patented machine does not avoid infringement of the patent. The change of form of appellees' baffle plate carriage from that of appellant's baffle plate carriage involves *no change of function, operation, or results*, and consequently involves no change sufficient to avoid infringement of appellant's patent.

“Change of *form* without change of *function* does not avoid infringement.”

Triangle Kopok Mach. Corp. v. Solinger Bedding Co., 13 F. 2d 494;

Machine Co. v. Murphy, 97 U. S. 120.

“It does not necessarily follow, from the fact that a claim of a patent describes a specified *form* of construction of a machine or part, that the inventor is limited to that form; but it depends on his expressed intention and the scope of his actual invention.”

Kings County Raisin & Fruit Co. v. Consol. S. R. Co., 192 Fed. 59 (C. C. A. 9th Cir.).

“The patentee having described his invention and shown its principles, and claimed it in that *form* which most perfectly embodies it, is in contemplation of law, deemed to *claim every form* in which his invention may be copied, unless he manifests an intention to disclaim some of those forms.”

Western Electric Co. v. La Rue, 139 U. S. 601, 606, 11 S. Ct. 670, 35 L. Ed. 294.

“No substitution of an equivalent for an ingredient of a combination covered by any claim of a patent can avert a charge of infringement of that claim (O’Riley v. Morse, 15 How.) (56 U. S. 61, 62) (1853) (and other cases cited) whether or not the equivalent is mentioned in the patent.”

Walker on Patents (Deller’s Ed.), Vol. 3, Sec. 464, pp. 1700-1701.

“The *substantial equivalent of a thing* is, in the sense of the patent law, *the same as the thing itself*. Two devices which perform the same function in substantially the same way, and accomplish the same result, are, therefore, the same, though they may differ in name and form.”

Machine Co. v. Murphy, 97 U. S. 120.

In Defendants’ Exhibit D appears a crude imitation of appellant’s baffle plate carriage, comprising a pair of

roller skates on which the baffle plate is suspended and which roller skates roll along on angle irons over a belt conveyor for the potatoes. [Tr. p. 112.] The appellees' roller skates are obviously a crude equivalent of appellant's loose sleeves, and the appellees' angle irons on which the skates run are obviously an equivalent of the two rods on which appellant's loose sleeves run. Appellees' device, Defendants' Exhibit D, is a clear infringement of Claim 1 of appellant's Patent No. 2,288,159.

Appellant, Earl A. Ernest, was cross-examined concerning the *coupling means* on the loose sleeves 54 and 55 for connecting the ends, respectively, of the *baffle plate* or shearer 52 to said sleeves, so that said plate is positioned obliquely across the belt, as included in claim 1 of the patent in suit No. 2,288,159, and the witness was asked to show the equivalent of that in the defendants' device [Tr. p. 71]. In the patent the coupling means to hold the baffle plate 52 are the small brackets on the inner side of the loose sleeves 54 and 55, in which brackets the ends respectively of the baffle plate 52 are bolted or welded [Tr. pp. 73-74]. The patentee, Ernst, did not intend to limit the baffle plate coupling means to any particular construction, since said means is not specifically described, other than on page 2 first column, lines 21 and 22, which states that the top of each shearer is welded to the spaced apart sleeves 54 and 55. The *equivalent* of the *coupling means* of the baffle plate described in Claim 1 of the patent in suit No. 2,288,159, is included in appellees' machines, as shown in Plaintiff's Interrogatory Exhibits 1 and 2, Plaintiff's Exhibit 5, and Plaintiff's Exhibit 11-B, and as described in Defendants' Answer to Plaintiff's Interrogatory II. Defendants' baffle plate coupling means is not shown in Plaintiff's Exhibit 11-A or

11-C. The baffle plate coupling means in defendants' machines is best shown in Interrogatory Exhibit 2 at the left side of the exhibit and comprises a shank bent downwardly vertically from the left end of the trolley frame, which shank is provided with a vertical slot through which extends a bolt, whereby one end of the baffle plate or shearer is bolted to said shank. In Interrogatory Exhibit 1 the depending shank from the trolley frame at the opposite side of the machine is shown with the other end of the baffle plate bolted or coupled to said shank, with said baffle plate extending obliquely across the conveyor belt as specified in Claim 1 of said patent No. 2,288,159. In Plaintiff's Exhibit 11-B the depending shank is shown at the right end of the trolley designated W with the right end of the baffle plate bolted or coupled to said depending shank of the trolley frame with the baffle plate extending obliquely across the conveyor belt. Defendants' Answer to Plaintiff's Interrogatory II describes the baffle plate coupling means of defendants' machine as follows:

"The diversion is accomplished by a shear plate positioned diagonally across the belt. This plate is suspended from a pair of rods located above the belt somewhat shorter than the belt. A trolley comprising two pairs of sheaves mounted in a framework is arranged for rollable travel on each of the rods. From the frame work vertically depends a suspension member, the lower end of which is bolted to the shear plate. A vertical slot is provided in the suspension member so that the elevation of the shear plate may be adjusted."

There is no question that the appellees' device has the coupling means to hold the baffle plate in position obliquely across the belt, as covered by claim 1 of the patent in suit No. 2,288,159.

Defendants' counsel evidently contends that the defendant-appellees' machines do not infringe Claim 1 of the patent in suit No. 2,288,159, in view of fact that appellants' baffle plate carriage has no latch to hold the baffle plate steadily in position while diverting potatoes from the belt into any sack for filling the sack [Tr. pp. 56-57 and 71] while appellees' machines have such a latch [Tr. p. 70], as best shown in Plaintiff's Interrogatory Exhibits 1 and 2, in which the latch appears as a rigid bar and a pivoted round handle under said bar extending outwardly transversely from the baffle plate trolley. Appellant's baffle plate and carriage unit does not need a latch to hold it in any position on the rods, because it will remain in any position with potatoes traveling on the belt without any latch mechanism [Tr. pp. 56-57 and 71].

Inasmuch as appellant's device requires no latch to hold it in any operative position, but appellees' device is constructed so that it requires a latch to hold it in position, appellee in making his device has done nothing more than to impair the function of appellant's device, *but impairment of function does not avoid infringement.*

"Infringement is not avoided by the impairment of the functions of an element of a patented device."

Walker on Patents, 6th Ed., Sec. 44, p. 504.

“The fact that an infringer copies imperfectly and does not achieve the full result of the patent is not sufficient to prevent infringement where there has been substantial copying.”

Weiss v. Hoe & Co., Inc., 109 F. 2d 722, C. C. A. 2 (1940), c. a. 310 U. S. 639, 84 L. Ed. 1407 (1940);

Amdur, Patent Law and Practice, Infringement, Sec. 14, pages 627 and 628;

Ellett v. Klein (D. C. Pa. 1927), 22 F. 2d 807;

Gen. Electric Co. v. Sundh Electric Co., 198 F. R. 116.

Moreover, defendants-appellees in placing a latch on their device have only *added an element* to appellant's novel *combination* of elements, as covered by Claim 1 of appellant's patent in suit No. 2,288,159, which *latch element is not included in said claim*, because appellant's baffle plate and carriage unit will hold itself in position without a latch [Tr. pp. 56-57 and 71], and consequently the latch is not needed. *Adding* an element to a patented *combination* of elements, covered by a patent claim does not avoid infringement of the claim of the patent.

“*Addition* to a patented machine or manufacture does not enable him who makes, uses, or sells the patented thing with the addition, to avoid a charge of infringement.

* * * * *

This is true even where the *added device facilitates the working* of one of the parts of the patented combination, and thus makes the latter perform its function with more excellence and greater speed.”

Walker on Patents (Deller's Ed.), Vol. Three, Sec. 460, pages 1693-1694.

“If an infringing device performs the same function as a patented device, it is *immaterial that it also performs some other function*. It is still, none the less an *equivalent of the patented device, and an appropriation of the patented invention.*”

Chesapeake & O. Ry. Co. v. Kaltenbach, 95 F. 2d 801, C. C. A. 9 (1938).

“Where defendant in an infringement suit uses the principle and appropriates the substance of the claim in issue, the fact that it avoids the letter of the claim by the *addition of an unnecessary element* does not prevent infringement.”

B. B. Chemical Co. v. Ellis, 117 F. 2d 829, C. C. A. 1 (1941), *aff'd* 314 U. S. 495, 86 L. Ed. 367 (1942).

ISSUE 2.

There are glaring misstatements of fact and law in the lower court's decision [Tr. p. 17], whereby said court reached its incorrect conclusions as to the scope of Claim 1 of the patent in suit No. 2,288,159 and as to the question of infringement of said claim by the defendants'-appellees'. Said court overlooked entirely the fact that before the appearance of the appellant's invention covered by said patent there was no baffle plate or shearer 52 in the art or industry movable *longitudinally* over a powered belt conveyor for *automatically* diverting potatoes from the belt over its *side edge* directly and successively into a considerable number of bags supported side-by-side below said belt edge, as said baffle plate 52 is moved by the operator from one bag to another after each bag is filled with potatoes. The most advanced potato-sacking device in the industry was the slow device Plaintiff's Exhibit 7.

[Tr. p. 53], which could carry only *two* bags at a time, and said bags were filled one at a time with potatoes delivered from one *end* of a belt conveyor, and *not over a side edge* of the belt as in appellant's invention, patent No. 2,288,159. Said device [Plaintiff's Exhibit 7], was limited to the handling of only *two* bags or sacks on the machine at a time, which limitation was determined by the *width* of the belt because the shiftable platform, on which the sacks were supported, extended *transversely* of the *belt* at one end thereof. The *maximum capacity* of said device was the sacking of *150 sacks per hour*. Said device required considerable *hand labor to shift the heavy platform*, on which the *two* sacks were supported, each time a sack was filled with potatoes, to remove said filled sack from the platform and to bring the other sack into position to be filled with potatoes, while replacing another empty sack on the platform for the removed filled sack. Appellant's machine, patent No. 2,288,159, instead of *two* sacks will carry *seven or more sacks* at a time on the shelf 51, because said shelf extends *longitudinally* of the belt conveyor, and not transversely of the belt, as in the device Plaintiffs' Exhibit 7, and the length of the shelf in appellant's machine and the number of the sacks carried on said shelf is determined by the *length*, and *not the width*, of the conveyor. Appellant's shelf 51 on which the sacks are supported is *stationary* and consequently the *labor of shifting the sack-supporting platform of Plaintiff's Exhibit 7 is eliminated*. The only labor required in appellant's machine to fill one sack after another is the easy movement of the baffle plate 52 from each filled sack to the next empty sack, said baffle plate may be moved *very freely* on the rods 56 and 57, some of which rods are *greased* [Tr. p. 57]. Appellant's machine as covered by

his patent No. 2,288,159 *reduced labor and doubled the capacity* of the fastest sacking machine in the industry at the time [Plaintiff's Exhibit 7], to *300 sacks per hour* [Tr. pp. 53, 87 ad 90]. The enlarged capacity of this machine was most extraordinary, and since the machine incorporated a *new principle and new mode of operation*, and met with unusual *commercial success*, it truly *marked a most substantial advance in the art*, and the patent No. 2,288,159 covering said machine is entitled to a *liberal construction*, instead of the narrow construction given it by the trial Judge, without a shadow of justification, and contrary to the facts and the law of the case.

The ruling of this Honorable Court in *The Portland Telegram v. New England Fiber Blanket Co.*, 38 F. 2d 780 (C. C. A. 9, 1930), is controlling of the case at bar, regardless of whether the appellant's patent is a primary or a secondary patent. Said ruling is stated in Walker on Patents (Deller's Ed), Vol. 2, Sec. 247, page 1212, as follows:

"Where an invention undoubtedly marks a substantial advance in the art, the patent is to be given a reasonably liberal construction so as to secure to inventors the reward to which they are entitled."

See, also:

Pointer v. Six Wheel Corporation, 177 F. 2d 153 (C. C. A. 9).

The foregoing case, decided by this Honorable Court, is on all fours with the case at bar, and it is difficult to understand how the same Judge who wrote the decision in said case failed to write a like decision when he tried this case. Evidently the decision in the above *Six Wheel*

case is primarily the decision of the Appellate Judges who heard the case.

In the case of *Eibel Process Company v. Minnesota and Ontario Paper Co.* (1923), 261 U. S. 45, 63, 43 S. Ct. 279, 79 L. Ed., Chief Justice Taft said:

“In administering the patent law the court first looks into the art, to find what the real merit of the alleged discovery or invention is, and whether it has advanced the art substantially. If it has done so, then the court is liberal in its construction of the patent, to secure to the inventor the reward he reserves.”

The District Judge in his decision [Tr. pp. 19-20] makes a grossly erroneous comparison of the elements of Claim 1 of each of the patents in suit with the corresponding elements of the appellees' accused and infringing machines, in which the Defendants' Answers to Plaintiffs' Interrogatories and other controlling evidence are entirely overlooked.

Referring to Patent No. 2,288,159 the District Judge erroneously compares the elements of Claim 1 of said patent with the defendants' accused devices and machines, as follows:

“Ernsts' analysis shows that Element 1 (a pair of spaced bars longitudinally of the belt) is not present.”

The pair of spaced bars certainly *are* present in the defendants' machines because they are shown in Plaintiff's Interrogatory Exhibits 1 and 2 and are admitted in Defendants' Answers to said Interrogatories II, VII and IX. One of Interrogatory Exhibits 3 and other exhibits show one rod and a plate, and Defendants' Exhibit

D shows two angle irons, which perform the same function and are mechanical equivalents of the two rods of Claim 1 of the patent in suit No. 2,288,159.

“Element 2 (a loose sleeve on each bar) is not present, unless the wheels and latch take their place. (See Exhibit 11-B.)”

The *wheels* of the trolley W, Plaintiff's Exhibit 11-B, do indeed take the place, in defendants' machine, of the plaintiff's *loose sleeves*, because defendants' wheels and plaintiff's sleeves both run on rods or other tracks for moving the baffle plate along the conveyor belt. *Defendants' wheels are the mechanical equivalent of plaintiff's sleeves.* Since plaintiff's sleeve carriage does not employ a latch and no latch is included in the patent claim, the defendants' latch is extraneous, and an *additional element* which does not enable defendants' trolley carriage to avoid infringement of plaintiff's Claim 1 of his patent No. 2,288,159.

“Element 3 (a plate having a portion of its ends in the coupling means) is not present.”

The coupling means for the baffle plate in plaintiff's machine are the small brackets (not numbered) formed on the inner side of the sleeves 54 and 55 which slide on the rods 56 and 57, in which brackets the ends of the baffle plate are *welded* as stated on page 2, first column, lines 31-33. In the defendants' machine, Plaintiff's Interrogatory Exhibits 1 and 2, the ends of the baffle plate are *bolted to* depending shanks or *brackets* formed on the trolley frames, and this structure is a *coupling means* for the ends of the baffle plate and is the *mechanical equivalent* of the plaintiff's coupling means for the ends of the plate. Whether the ends of the baffle plate are *welded in*

brackets on sleeves, as in plaintiff's machine, or *bolted to brackets on trolley frames*, as in the defendants' machine, is without significance in the patent law, because they are mechanical equivalents and the *same thing*. Such quibbling of the District Court is beneath the notice of this Honorable Court.

Machine Co. v. Murphy, 97 U. S. 120.

"Element 4. The accused device has no coupling means."

The coupling means in the defendants' machines, as pointed out above with reference to Element 3, are shown in Exhibits 1 and 2 of Plaintiff's Interrogatories, and said coupling means are the depending shanks or brackets on the trolley frames to which brackets the ends of the baffle plate are bolted. Defendants' coupling means are also described in Defendants' Answer to Plaintiff's Interrogatory II as follows: "From the framework vertically depends a suspension member (bracket), the lower end of which is *bolted* to the sheer plate. A vertical *slot* is provided in the suspension member, etc."

The remaining misstatements in the lower court's comparison of the elements of the plaintiff's claim and the defendants' machines, to-wit: "The sheer plate takes its place (52)." "The rod and rollers must take their place. (They appear on Fig. 3 to the right of 56)," are nothing but a jumble of words and are meaningless.

Such gross errors of *fact* of the District Judge show clearly that the judge has no understanding of the appellant's invention and said statements are certainly *contrary to the evidence*, and are sufficient alone to justify reversal of the lower court's decision of no infringement

of Claim 1 of the patent No. 2,288,159 by the defendants-appellee.

Defendants'-appellees', while they set up fourteen prior patents in their answer [Tr. p. 7] against appellant's patent in suit No. 2,288,157, they limited the number of said prior patents at the trial to *two*, namely Cunningham No. 873,991, and Hellenbolt No. 1,338,729; the others they are not advancing. [Tr. p. 103.]

Said Cunningham patent and said Hellenbolt patent were both cited by the Patent Office in the application for the patent in suit No. 2,288,159, but they were cited against other claims, and *not against Claim 1 of said patent, which is the claim sued on herein*. Claim 1 of said patent was filed as Claim 11 on or about February 3, 1942, and was *allowed as filed without the citation of any prior art against it, and it is therefore entitled to a broad construction*. It is also significant that while appellees' counsel had a search made for closer prior art than the Cunningham patent and the Hellenbolt patent no such prior art was found.

The Cunningham patent is a complicated machine having a carriage on which is *pivottally mounted a scraper blade 47, which has to be swung on its pivot out of the way of the straight rollers 36 and 37 under a belt 64, to permit said rollers and belt to be raised on the carriage by an elevating mechanism so that said rollers may be moved over and past the cone rollers 7 and 8, in order to bring the flat part of said belt and said straight rollers, and also the scraper blade 47 from one delivery position or station to another*. Such a complicated mechanism and operation for moving appellant's baffle plate 52 in a potato sacking machine from one sack to another would be entirely too slow and impractical, and without utility. [Tr.

pp. 168-170.] Potatoes could be sacked by hand faster than with said Cunningham machine.

The Hellenbolt patent No. 1,338,729 shows a *sorting* apparatus with a block deflector 28 slidably mounted at *one* side only by eyes 29 slidable along a *single* wire 30 over a belt conveyor 3, and said *block 28 rests upon and drags on the moving belt*, because it is not supported at one side and swings down at said side. An operator at the *rear* of the apparatus turns cranks to wind a rope 33 over pulleys to move the deflector 28 to different positions along the belt 3 to deflect apples or like fruit onto one of the screens 13, 14 or 15, where *another operator at the front* of the apparatus removes the culls and drops them into funnels 20. *The apples* or other fruit after rolling down the table over the screens 13, 14 and 15, *are halted by a padded rail 18 at the front of the apparatus, where the operator picks out the fruit from the screens and packs the same by hand in the barrels 19. The rail 18 prevents the apples, etc., from rolling into the barrels 19, so that the fruit has to be picked out from the table or screens by the operator and dropped by him and not delivered by the deflector 28 into the barrels. This is a different mode of operation from appellant's machine in which the baffle plate 52 diverts and delivers the potatoes from the conveyor belt directly into the sacks without the labor of an operator, as required in the Hellenbolt apparatus. Hellenbolt's apparatus could not be used for sacking potatoes automatically by diverting the potatoes from the conveyor belt directly into the sacks, because the rail 18 of Hellenbolt's machine halts the fruit rolling down the screens 13 to 15 inclusive and prevents the fruit from rolling off said screens, which requires the operator at the front of the apparatus to pick the fruit off the screens and pack the fruit in the barrels 19. In the appellant's machine*

the operator at the front of the machine operates the baffle plate 52 by moving said plate from sack-to-sack for diverting the potatoes from the conveyor belt into the sacks in front of the conveyor for filling said sacks successively. The operator at the rear of Hellenbolt's machine for operating the deflector 28 is eliminated by appellant's machine. The operator at the front of Hellenbolt's machine could not operate the deflector at the rear of the machine, because the distance from the front of the machine to the rear of the machine, where the deflector is located is too great for the front operator to reach said deflector.

The statement in the decision of the lower court to the effect that appellant's patent No. 2,288,159 is in a crowded field and that appellant seeks apparently in good faith, to broaden Claim 1 of each patent in suit by reference to their specifications is without justification and most absurd. It is certainly significant that the Patent Office did not cite any prior art against Claim 1, originally filed as Claim 11, of the patent in suit, No. 2,288,159,—not even the Cunningham patent or the Hellenbolt patent, the only patents relied upon by counsel for appellee to narrow the scope of Claim 1 of said patent. The Patent Office cited no prior art against said Claim 1 of said patent in suit, because there was no prior art to cite against said claim. Claim 1 of patent in suit No. 2,288,159 is therefore entitled to the broadest possible interpretation and to a very liberal range of equivalents which include the appellees' accused devices and machines.

From the questions asked by the lower court concerning plaintiff-appellant's sacking machine, which was before the court, it is obvious that the judge had not read the patents in suit before the trial, and that he had no correct under-

standing of said patents during the trial of the case or afterwards. [Tr. pp. 56-57.]

In the decision of the lower court [Tr. p. 18] it is intimated, contrary to the record, that appellant seeks to broaden the scope of the claims of his patents, on which this suit is brought, by referring to his patent specifications, and the case of *Blanchard v. Pinkerton*, 77 Fed. Supp. 861, is cited. Said case is not in point, for the reason that nowhere in the record of this case has appellant's counsel tried to broaden the patent claims by referring to the specifications of the patents in suit. Appellant's counsel do not have to refer to the patent specifications to determine the scope of the claims of the patents in suit. It is only necessary for appellant to explain in his patent the *best mode* of applying the principle of his invention, according to R. S. 4888 and his *patent automatically covers all modes*, forms and equivalents of his invention.

Western Electric Co. v. La Rue, 139 U. S. 601, 606, 11 S. Ct. 670, 35 L. Ed. 294.

Second Patent.

The second patent in suit No. Re. 22,740 issued to appellant, Earl A. Ernst, April 2, 1946, is for a Sack Jigger, or a device for shaking and jiggling sacks and their contents, so as to settle the contents to the bottom of the sack and compact the same in the sack. Means are provided for supporting the sacks in open position, and means are also provided for continuously jarring or jiggling the sacks while being filled with a product so as to

insure a full sack of the product being sacked. The invention is especially useful in a machine for sacking *potatoes* and other vegetables, and particularly those vegetables and fruits which are generally shipped in long configured sacks.

An important feature of the invention is the supporting of the sacks with their upper ends open to receive the potatoes or like products and for continuously jiggling the sacks to compact the products therein and to fill the sacks completely with said products.

For shaking and jiggling the sacks and their contents the invention includes a platform which is indicated 22 in the drawing of the patent No. Re. 22,740 and extends along the entire length of the device for supporting the sacks indicated 34 in position with their upper ends open to receive the products to be shaken and jiggled in said sacks. The platform 22, which is often referred to as a *jigger board*, is suspended at its ends and intermediate its ends by pivotally connected hanger straps 23 which are connected at their upper ends to brackets or extension elements 24 on the frame of the device and at their lower ends to said platform so that said platform may be vibrated or jiggled longitudinally to jiggle the sacks and their contents and thereby settle and compact said contents in said sacks. Cleats 28 are secured to the upper side of the platform 22 transversely thereof at suitable intervals, upon which the bottoms of the sacks 12 rest, whereby said sacks are held in position on the platform 22 and prevented from sliding thereon, said cleats providing a plurality of sack or container stations extending from the ends of

said platform to a central open locus defined by the central frame unit 1 of the device, in which frame unit is mounted a vibratory mechanism driven by a motor 67 and including a push and pull rod unit or jigger 58 for jiggering the jigger board or platform 22, said jigger unit including a plate 57 and a bar 59 connected thereto, forming a *pitman* which is coupled at one end, by coupling means, such as the bracket 60, to a portion of the platform 22, and is attached at its other end to rotary means, such as the crank end 56 of the shaft 53 of said vibratory mechanism, for reciprocating said platform 22 with the sacks supported thereon, and thereby jiggering, and settling and compacting the potatoes or other commodities delivered into the sacks 34 from the side of the conveyor belt 46 by the baffle plate or shearer 72.

Claim 1 of appellant's second patent in suit, No. Re. 22,740, April 2, 1946, Sack Jigger, which claim is the one sued on, is as follows:

"1. In a device for shaking containers and the like to settle the contents thereof, a framework, a platform for supporting a plurality of containers, hinged means supporting the platform from the framework, vibratory means connected to the platform for shaking it and the containers supported thereby, said means including a pitman adjacent the platform, coupling means connecting the pitman with a portion of the platform, and rotary means attached to the pitman for reciprocating it, said platform including an elongated surface with container stations from the ends thereof to a central open locus, said vibratory means having its connection with the platform at this central locus."

The elements of the invention covered by said Claim 1 are the platform 22 for supporting a plurality of sacks 34; hinged means 23 supporting said platform from the framework, such as the frame posts 4 and 5, 6 and 7, 8 and 9, and 10 and 11; vibratory means connected to the platform for shaking the platform and the containers or bags 34 supported thereon, which vibratory means comprises a pitman 57-59; coupling means 60 connecting said pitman with the platform 22, and rotary means such as eccentric or crank 56, attached to said pitman for reciprocating it, said rotary means being driven by motor 67 through pulleys and belts; and said platform 22 including an elongated surface, such as the surface of a board, known as a jigger board, with container or sack stations, such as transverse cleats 28, spaced from the ends of the platform to a central open locus, or central frame unit 1.

The invention covered by Claim 1 of the patent in suit No. 2,288,159, for Sacking Device, and the invention covered by Claim 1 of the patent in suit, No. Re. 22,740, for Sack Jigger, are adapted to cooperate with each other and are combined in one machine, as shown in Fig. 1 and Fig. 2 of the second patent in suit, No. Re. 22,740, and as shown in appellant's machine in Plaintiff's Exhibits 8, 9 and 10, and as combined in appellee's machines, Plaintiff's Exhibit 5, Plaintiff's Interrogatories, Exhibit 3-3; Plaintiff's Exhibits 11-A, and Defendants' Exhibits A, B, C, D and E. The two inventions of the patents in suit, when combined in one machine, as aforesaid, are driven by one motor 67 through sprockets and chains as shown in Fig. 1 and Fig. 2 of patent No. Re. 22,740 in suit, and in Defendants' Exhibit E.

INFRINGEMENT OF CLAIM 1.

Patent No. Re. 22,740.

ISSUE 3.

Infringement of Claim 1 of Patent No. Re. 22,740 in suit is clearly shown in Plaintiff's Interrogatories, and Defendants' Answers to Plaintiff's Interrogatories, Plaintiff's Exhibits 5 and 6, respectively, including Interrogatory Exhibits 3-3, Plaintiff's Exhibits 11-A, 11-C, 12-A, and 12-B, and Defendants' Exhibits A, B, C, D and E.

Interrogatory Exhibits 3-3 of Plaintiff's Interrogatories, Plaintiff's Exhibit 5, and Defendants' Answers to Plaintiff's Interrogatories IV, VI and XI, Plaintiff's Exhibit 6, prove that since the issuance of the Ernst Patent in suit, No. Re. 22,740, April 2, 1946, defendants-appellees' have made, used and/or sold a Sack Jigger containing all of the elements of the novel combination of elements included in Claim 1 of said patent No. Re. 22,740, and consequently defendants-appellees have infringed said claim of said patent.

Defendants' Answer to Plaintiff's Interrogatory IV admits that defendants have manufactured and sold two forms of infringing apparatus prior to the filing of this suit, to-wit: Form 1 and Form 2. Defendants' description of Form 1 in answer to Interrogatory IV corresponds to defendants' machine shown in Plaintiff's Interrogatory Exhibits 3-3, which defendants have admitted in answer to Plaintiff's Interrogatory XI. In the defendants' machines shown in said Exhibits 3-3 the divided plank or platform corresponding to appellant's *single* platform 22 is cut between its ends and divided into two platform *sections*, each of which sections is connected at its inner end to one end of a strap or *pitman*, the other

end of which pitman is connected to an *eccentric* or *crank*, which, when rotated *reciprocates* said pitmans and said *platform sections*, with *potato sacks supported thereon*, to jigger the potatoes to settle and compact the same in said sacks, which potatoes are diverted from the belt conveyor 46 by the baffle plate 72 into said sacks, as said platform or jigger board is reciprocated as illustrated in Figs. 1 and 2, of patent in suit No. Re. 22,740, Plaintiff's Exhibit No. 2. Defendants' machine, Exhibits 3-3 of Plaintiff's Interrogatories No. 5, contains identically the *same combination of elements* as Claim 1 of appellant's patent in suit No. Re. 22,740, and, when considered in terms of the patent law, defendants' machine, as shown in said Interrogatory Exhibit 3-3, is a Chinese copy of appellant's invention as covered by said Claim 1 of said patent, and is a clear and unmitigated *infringement* of said claim.

Reading Claim 1 of appellant's patent in suit, No. Re. 22,740 verbatim, element by element, on the defendants'-appellees' machine, as shown in Plaintiff's Interrogatory Exhibit No. 3-3, said machine contains the complete novel *combination* of elements of appellant's said claim, as follows:

1. A framework.
2. A platform.
3. Hinge means supporting the platform from the framework.
4. Vibratory means connected to the platform for shaking it, and the containers (potato sacks) supported thereby.
5. Said (vibratory) means including a pitman adjacent the platform.

6. Coupling means connecting the pitman with a portion of the platform.

7. And rotary means attached to the pitman for reciprocating it.

8. Said platform including an elongated surface with container stations from the ends thereof to a central open locus.

9. Said vibratory means having its connection with the platform at this central locus.

Referring to Element 1, "a framework" in the above table of elements of Claim 1 of appellant's patent in suit, No. Re. 22,740, one glance at Plaintiff's Interrogatory, Exhibits 3-3, defendants' machine, will show that said machine of defendants has said Element 1, to-wit: a framework.

Referring particularly to element 2, "a platform," in defendants'-appellees' machine, Interrogatory Exhibit 3-3, the cutting of the platform or jigger board in half and forming *two platform sections* instead of *one continuous platform* 22, as disclosed in the patent in suit No. Re. 22,740, amounts to nothing but making an element in *two* pieces instead of *one*, as disclosed in a patent. Such a slight change in structure, when the *two pieces perform the same function, in substantially the same way, and accomplish the same result*, as *one* piece, does not avoid a charge of infringement of a patent which discloses and claims the element in *one* piece.

"Infringement is not avoided by *dividing an integral element* of the patented machine into *two or more distinct parts*, so long as the function and operation remain substantially the same."

Kings County Raisin & Fruit Co. v. U. S. Consol. S. R. Co., 182 Fed. 59 (C. C. A., 9th Cir.).

The following cases appear in Deller's Edition of Walker on Patents, 1948 Cumulative Supplement, pages 1698-1699, Section 462:

"In suit for infringement of a fan, it is no departure from the patent to use a *blank* of blades instead of *single* blades, or a *two-piece* hub instead of a *one-piece* hub to accomplish the same result."

Samson-United Corp. v. Sears, Roebuck & Co., Inc., 103 F. 2d 312 (C. C. A. 8, 1939), cert. den. 307 U. S. 638, 83 L. Ed. 1519 (1939).

"In infringement suit, separation in accused device of *one* unit into *two* parts, performing the same function in the same manner as the unit of the infringed structure, does not avoid infringement."

Ace Patents Corp. v. Exhibit Supply Co., 119 F. 2d 349 (C. C. A. 7, 1941), mod. 315 U. S. 126, 86 L. Ed. 736 (1942).

"Infringement cannot be avoided when *split* covers are used by infringer instead of *one* cover over a triple compression press where patented claims did not contain any limitation as to the form of cover."

Galland-Henning Mfg. Co. v. Logemann Bros. Co., 142 F. 2d 700 (C. C. A. 7, 1944).

Element 3 of Claim 1 of appellant's Patent No. Re. 22,740, to wit: "Hinge means supporting the platform from the framework," are located on appellees' machine, Interrogatory Exhibit 3-3, at the ends, respectively, of each of the two sections of the divided platform, and are in the form of *links* or *straps pivotally* connected at their upper ends to *brackets* extending forwardly from the framework at the front of the machine, and *pivotally* con-

nected at their lower ends to the ends of the two sections of the platform, so that said sections of the platform may be reciprocated by the crank and straps between the divided ends of said platform sections.

Element 4 of Claim 1 of appellant's Patent No. Re. 22,740, to wit: "Vibratory means connected to the platform for shaking it and the containers (potato sacks) supported thereby," is shown at the *central open locus*, or "open place," between the ends of the defendants' machine, Interrogatory Exhibit 3-3, and comprises an electric motor, as shown in Defendants' Exhibit E and described in Defendants' Answer to Plaintiff's Interrogatory IV, Form 1; an eccentric or crank at the center and lower part of said central open locus, which eccentric or crank is driven by said electric motor through sprockets and a *chain* [see also Plaintiff's Exhibit 11-B] extending from said motor over an eccentric or crank sprocket and shown in the lower left part of said central open locus, and the straps or *pitmen* connected at one end to said eccentric or crank, and at their other ends to the inner ends of the sections of the divided platform.

Element 5, "Said (vibratory) means including a *pitman* adjacent the platform," finds its analogue in the so-called *connecting straps* described in Defendants' Answer to Plaintiff's Interrogatory IV, Form 1, and shown in Plaintiff's Interrogatory Exhibits 3-3, which *connecting straps connect* the defendants' eccentric or crank and the *inner ends of the sections of the defendants' platform*, and transmit reciprocating motion from said eccentric or crank to the platform sections on which the potato sacks are supported, for jiggling the potatoes and settling and compacting the same in said sacks. Appellees' *connecting straps* are the mechanical *equivalent* of plaintiff's *pitman*.

designated 57 and 59 of appellant's push and pull rod unit or jigger 58, shown in Figs. 1 and 2 of appellant's patent in suit No. Re. 22,740.

Element 6, "coupling means connecting the pitman with a portion of the platform" are found in the defendants' machine, Plaintiff's Interrogatory Exhibits 3-3 and Defendants' Answer to Plaintiff's Interrogatory IV, Form 1, which answer states: "an eccentric which is coupled with a *connecting strap* (pitman), the opposite end of which is *attached* to the rear end of the plank" (platform section). The *coupling means* connecting the pitman (straps) in appellees' machine with a portion of the platform, are the means whereby said opposite end of the strap is *attached* to the rear end of the plank (platform) and comprises *a pair of spaced ears or bearings secured to the rear end of each platform or plank section between each pair of which ears the said opposite end of one of the two connecting straps is pivoted by a pivot pin to said ears*. This *pivot connection or coupling* of the *connecting straps* to the rear or inner ends of the platform sections in defendants' machine is the mechanical equivalent of the appellant's coupling means comprising the pivot connection 61 between the bracket 60 and pitman 57 and 59, which bracket is secured to a portion of the platform 22, as claimed in Claim 1 of appellant's patent No. Re. 22,740.

Element 7, "And rotary means attached to the pitman for reciprocating it" is found in the rotary "eccentric" or crank in the lower central part of the central open locus, to which eccentric or crank one end of each connecting strap is *attached* or pivotally connected in appellees' machine, Plaintiff's Interrogatory Exhibits 3-3. The attachment of the rotary means to the pitman in appellees' machine is *identical* to the attachment of appellant's

rotary means or crank end 56 to the plate 57 of his pitman 57-59, as shown, described and claimed in plaintiff's patent No. Re. 22,740.

Element 8, "Said platform including an elongated surface with container stations from the ends thereof to a central open locus," comprises the cleats 28 secured to the upper surface of the platform 22 as claimed in Claim 1 of appellant's patent No. Re. 22,740, which cleats are clearly shown on the platform of one of Plaintiff's Interrogatory Exhibits 3, in Plaintiff's Exhibits 12-A and 12-B, and in Defendants' Exhibits A, B, C and D. *Said cleats 28 forming sack stations spaced along the platform 22 from the ends thereof to the central open locus*, are an important feature of appellant's invention of which there is no suggestion in the prior art set up in the defendants' answer; and it is significant that there are no such cleats in the machine, Plaintiff's Exhibit 7, which was the most efficient potato sacking machine in the industry prior to appellant's sacking machine patents.

Element 9, "Said vibratory means having its connection with the platform at this central locus" is not an element, but merely part of the explanation of the "best mode" or form of his invention which appellant contemplated in applying the principle of his invention, when he filed his application for patent in the Patent Office, according to R. S. Section 4888 (U. S. C., Title 35, Sec. 33). Appellant is not limited to this mode or form of his invention of having the connection of the vibratory means to the platform at the central open locus, because the description of the invention in its *best mode or form* in a patent secures protection of the invention in every form in which it may be copied, unless the patentee manifests an inten-

tion to disclaim some of those forms, which the appellant has not done with his patents in suit.

Western Electric Co. v. La Rue, 139 U. S. 601, 606, 11 S. Ct. 670, 35 L. Ed. 294.

However, defendants in their machine, as shown in Plaintiff's Interrogatory Exhibit 3-3, have copied Element 9 of Claim 1 of the patent in suit, No. Re. 22,740, by connecting the vibratory means (connecting straps or pitman) to the inner ends of the platform sections, at the *central open locus* of defendants' said machine, so that Claim 1 of said patent reads letter perfect on said defendants' machine, as shown in said Interrogatory Exhibit 3-3.

From the foregoing comparison of defendants' machine, as shown in Plaintiff's Interrogatory Exhibits 3-3, with Claim 1 of the patent in suit, No. Re. 22,740, and the reading of said claim literally on said defendants' machine, a complete and perfect case of infringement of said claim of said patent by defendants is proven beyond a shadow of a doubt. Yet the Trial Judge in this case completely overlooked or ignored this glaring infringement, *contrary to the evidence*, by the defendants-appellees of the plaintiff-appellant's *meritorious* patent, No. Re. 22,740, which has *revolutionized* the potato sacking industry by presenting an automatic machine to the industry that has increased the sacking of potatoes from 150 sacks per hour to from 500 to 600 sacks per hour, to meet the demand of our California and other potato farmers.

A more perfect case of wilful and wanton infringement of a patent, than the infringement by the defendants-appellees of Claim 1 of plaintiff-appellant's patent No. Re. 22,740, would be difficult to find in the annals of the patent law.

Defendants in their Answer to Plaintiff's Interrogatory IV, Form 2, admit manufacturing and selling a machine identical with Plaintiff's Interrogatory Exhibits 3-3, "except that the inner ends of the two planks or platforms which remain separated as before are fixedly interconnected by a rigid strap or bar. The motor and eccentric mechanism are located at one extreme end of the aligned platforms instead of between them and a single connecting strap communicates reciprocatory motion from the eccentric to the adjacent platform end."

The above described Form 2 in defendants' Answer to Plaintiff's Interrogatory IV is shown in Plaintiff's Exhibits 11-A and 12-A, and Defendants' Exhibits A, B, C, D and E. The interconnecting rigid strap or *bar* described in said Form 2 is shown in Plaintiff's Exhibits 11-A and 12-A, and in Defendants' Exhibit A.

The connection of the inner ends of the two planks by a rigid strap or bar amounts to nothing more than making the platform in *two pieces connected together*, or connected by a *third piece*, instead of making the platform in one piece. Such immaterial *changes of form* do not avoid infringement of Claim 1 of appellant's patent No. Re. 22,740.

"Infringement is not avoided by using *two pieces* of paper instead of one *and gluing them together*."

Southerland Paper Co. v. Auburn Carton Corp.,
118 F. 2d (C. C. A. 7, 1941);

The Portland Telegram v. New England Fiber Blanket Co., 38 F. 2d 780 (C. C. A. 9).

“Infringement is not avoided by *dividing an integral element* of the patented machine *into two or more distinct parts*, so long as the function and operation remain substantially the same.”

Kings County Raisin & Fruit Co. v. U. S. Consol. S. R. Co., 182 Fed. 59 (C. C. A. 9th Cir);

Samson-United Corp. v. Sears, Roebuck & Co., Inc., 103 F. 2d 312 (C. C. A. 2), c. d. 307 U. S. 638, 83 L. Ed. 1519.

“Change of *form* without change of function does not avoid infringement.”

Triangle Kapok Mac. Corp. v. Salinger Bedding Co., 13 F. 2d 494;

E. H. Bardes Range & Foundry Co. v. American Engineering Co., 109 F. 2d 696 (C. C. A. 6);

Mathews v. Koolvent Metal Awning Co., 158 F. 2d 37 (C. C. A. 5, 1946);

Machine Co. v. Murphy, 97 U. S. 120.

Form 2 of defendants-appellees' machine, in which the vibrating means for the platform is connected to *one end* of the platform, instead of *intermediate the ends* of the platform *at the central open locus* of the machine, as stated in Claim 1 of appellees' patent, No. Re. 22,740, does not avoid infringement of said claim, because such a change is merely a *change of form*, or *change of location*, or *transposition of parts*.

Connection of the vibrating means at one end of the platform of defendants-appellees' machine is shown in Plaintiff's Exhibits 11-C, 12-A and 13, and in Defendants' Exhibits A, B, C, D and E.

The connection of the vibratory means intermediate the ends of the platform, at the central open locus of the machine, as stated in Claim 1 of appellant's patent in suit, No. Re. 22,740, was considered by the appellant to be the best mode or form of his invention at the time he filed his application for patent, and having described the "best mode" of his invention in his patent (R. S. Sec. 4888), appellant's said patent covers *all forms* of his invention, which include Form 2 of defendants'-appellees' machines which have the *vibratory means connected to one end* of the platform or jigger board 22, as shown in Plaintiff's Exhibits 11-C, 12-A and 13, and Defendants' Exhibits A, B, C, D and E.

"The patentee having described his invention and shown its principles, and claimed it in that form which most perfectly embodies it, is in contemplation of law, deemed to *claim every form* in which his invention may be copied, unless he manifests an intention to disclaim some of those other forms."

Western Electric Co. v. La Rue, 139 U. S. 601, 606, 11 S. Ct. 670, 35 L. Ed. 294.

The *change of location or relocation* of the vibratory means from the intermediate portion of the platform or jigger board, to the end of the jigger board in certain of the defendants' machines.

Walker on Patents (Deller's Ed.), Vol. 3, Sec. 479, p. 1723.

"This *relocation* is such as any electrical engineer would readily conceive, and is not an inventive difference from Howe, but is within the equivalents to which his patent is entitled."

General Ry. Signal Co. v. Great Northern Ry. Co., 43 F. 2d 790, 806 (C. C. A. 8).

The placing of the vibratory means on the *end* of the platform or jigger board in defendants' machine, instead of intermediate the ends of the platform as in the patent in suit, amounts to nothing more than *transposition of parts*, which does not avoid infringement of a patent, where the parts transposed perform the same respective functions after the change as before, as in the defendants'-appellees' machines.

Bianchi v. Barili, 184 F. 2d 793 (C. C. A. 9th Cir.).

In the foregoing case this Honorable Court also held:

"To constitute 'infringement' it is unnecessary to demonstrate substantial identity between machines to a mathematical certainty, but 'infringement' connotes correspondence as to the substantial dominant and essential elements."

The idea of connecting the vibratory means to *the end* of the jigger board is not new or original with defendants-appellees, but is stated to be within the scope of appellant's patent in suit, No. Re. 22,740, on page 1, first column, lines 48-55, as follows:

"The sacking device in the particular form illustrated comprises a central portion 1 and elongated side portions or extensions 2 and 3. These side portions may be identical in construction and are identical in this form of the invention, but need not necessarily be identical. *One of the side portions may be omitted entirely.*"

When one of the side portions 2 or 3 of the appellant's patented machine is omitted, for example the side portion 2 at the left of the machine, a small machine with three

sack stations is produced like defendants' machine called a "one man jigger," Plaintiff's Exhibit 12-B, which has its *vibratory means located at the left end of the machine*, with the pitman of said vibratory means extended to the right and *connected to the platform near the right end thereof*. This machine of defendants-appellees, Plaintiff's Exhibit 12-B, is a mechanical equivalent of appellant's invention, as claimed in Claim 1 of appellant's patent, No. Re. 22,740, and as interpreted in the light of the statement quoted above from the specification of said patent, on page 1, first column, lines 48-55, and consequently appellees' machine, Plaintiff's Exhibit 12-B, is an infringement of Claim 1 of appellant's said patent No. Re. 22,740.

ISSUE 4.

In the decision of the lower court the District Judge makes the most extraordinary misstatements of fact and law in his so-called analysis of the question of defendants' infringement of the plaintiff's Patent No. Re. 22,740 [Tr. p. 20]. Instead of considering the admissions of the defendants in their Answers to Plaintiff's Interrogatories and the Interrogatory Exhibits 3-3, to which the defendants' admissions applied, the District Judge directs his analysis to defendants' crude and clumsy machine, as shown in Plaintiff's Exhibit 11c, which is the same machine as shown in a blueprint, Plaintiff's Exhibit 13.

In said analysis of the District Judge three elements are considered, contrary to the law and the facts of the case.

Element 1: Instead of a pitman adjacent the platform we find a cross bar [Exhibit 11c]. This machine, Plaintiff's Exhibit 11c, certainly has a pitman, which is the long channel bar extending from the central open locus

of the machine to the left end of the machine and is spaced *horizontally* from the platform or jigger board, about the same distance that the appellant's pitman is spaced *vertically* above the platform of his machine, as shown in Plaintiff's Exhibits 8, 9 and 10. It will be noted that said Exhibit 11c is on a larger scale than Exhibits 8, 9 and 10. The so-called cross bar at the left end of the defendants' machine, Plaintiff's Exhibit 11c, is not used *instead* of the pitman above described, but is connected midway between its ends to the near end of said pitman. Said so-called cross bar, which is actually a lever of the third class, serves the same purpose as the bracket 60 in appellant's patent in suit, No. Re. 22,740, and the bracket shown in Plaintiff's Exhibits 8, 9 and 10, which *connects* the end of the pitman to the platform and transmits the reciprocating movement of the pitman to the platform to jigger the potatoes in the sacks on said platform. The District Judge overlooks the term "coupling means connecting the pitman with a portion of the platform," which term is certainly broad enough to include the defendants'-appellees' so-called cross bar and plaintiff's-appellant's bracket 60, since the word "means" is the broadest term in the patent law.

Element 2: Instead of a central open locus, the accused device shows a board, not at center [Exhibit 11-A]. This statement is not correct. Exhibit 11-A certainly shows a central open locus in the upright frame of the machine where the sprockets and chains of the vibrating mechanism appear. The board referred to is the *bar*, which is narrower than the platform and connects the inner ends of the divided sections of the platform. Said board or bar has nothing to do with the open locus (open place) in the *frame* of the machine, even though said board or bar is

located directly in front and at the lower part of said open locus.

Element 3: A rigid connection takes the place of one long board. (The jigger connection is at the end of the machine.) The rigid connection referred to is evidently the intermediate bar shown in Exhibit 11-A, which connects the inner ends of the two sections of a divided platform. This form of appellees' platform is made in three sections, to wit: the two divided end sections and the intermediate connecting bar section. Infringement is not avoided by appellees by making their platform in three pieces instead of one, and the claim of appellant's patent is not limited anyway to *one* long board forming the platform. Authorities holding that infringement is not avoided by making an element in *two or more pieces* instead of *one*, have heretofore been cited herein. The jigger connection at the *end* of the defendant's machine, instead of intermediate the ends of the machine, is only a change of form, or relocation, or transposition of a part, which does not avoid infringement of the patent in suit, and authorities so holding have already been cited herein.

The statement in the lower court's decision [Tr. p. 20] that "Ernst combines two platforms (elements (1) and (3)) in order to arrive at one effect (element 2)," is a *reductio ad absurdum*. Ernst has never combined two platforms in order to arrive at one effect, or one platform. Ernst has always made his platform from *one board* and he made the same before the appellees came into the field and infringed his patents. The shoe is on the other foot. The appellees conceived the bright idea of cutting a board and making their platform in two pieces of the cut board, in order to avoid infringement of the appellant's patents, but that idea was not so bright, because their multiple

piece platform has the opposite effect of infringing the appellant's patent.

Another fantastic statement appearing in the lower court's decision is that "the claims of Ernst's patent, as he reads them are almost identical with the British Patent No. 397679 (Belcher) * * * and in that event, both he and the defendants are infringing the British patent." In the first place the British patent has a different operation from that of appellant's patent, in that the containers in the British patent are *pushed over* a platform or plate 11, which is given an *up and down vertical movement* at its center only, while the sacks in appellees' machine are *not pushed over the jigger board but are held in one position only* on the jigger board by cleats 28 and the jigger board is not given a vertical movement but is *reciprocated horizontally*. As for the parties to this suit infringing the Belcher patent, whoever heard of anyone infringing a British patent in the United States?

In the defendants' answer, Paragraph XIII, twenty prior "paper" patents are set up to invalidate or narrow the scope of appellees' patent No. Re. 22,740, but defendants' counsel at the trial limited said prior patents to three, and introduced the remaining seventeen patents in evidence for window dressing in order to contend, without support of a patent expert, as to said remaining patents, that the plaintiff's patent is in a crowded art and is thereby limited in scope [Tr. p. 103]. This defense is a "phoney" since there is no evidence that any one of said prior patents was ever built and operated, and there is nothing in any of said patents to show that they could be used for sacking *potatoes*.

Pointer v. Six Wheel Corporation, 177 F. 2d 153,
at p. 161.

The three prior patents selected as best references against appellant's patent in suit, No. Re. 22,740, were Bradbury No. 826,988 and Naeher, No. 1,719,124, which is not a file wrapper reference, and neither is Bradbury, and the third is Erickson, No. 2,043,739 [Tr. p. 103].

The Bradbury patent No. 826,988 is a *grain separator* for the separation of the grain and valuable matter from the straw, chaff and lighter particles. There is nothing in this patent to show that it could be used for sacking *potatoes*. The Bradbury patent is in a *different art* from that of appellant's invention. In the Bradbury patent, Fig. 1 is shown a shaking shoe S, which is reciprocated longitudinally by a crank 101 and pitman 100. The shoe S is *inclined* downwardly from its receiving upper end, into which end grain is delivered by a spout 75, and as said shoe is reciprocated by said crank the grain flows down said inclined shoe by gravity and drops off the lower end of said shoe into a rotary screen for screening the grain.

Said Bradbury patent operates on an entirely *different principle* from that of appellant's sack jigger. The spout 75 in Bradbury's machine for delivering the grain into the upper end of the shoe S would not be practical in a potato-sacking machine because potatoes choke up a spout and prevent the potatoes from passing through the spout into the sacks for sacking the potatoes. Spouts have been tried and abandoned after failure [Tr. p. 197]. There are no stations on the shoe S like the stations (cleats 28) in appellant's patent, for holding potato sacks on said shoe in position against slipping on said shoe, so

that the sacks may be filled rapidly and in succession from one side of a conveyor belt, as in appellant's machine. If potato sacks were placed on Bradbury's inclined shoe S they would slide out of position down said inclined shoe. The Bradbury patent does show a machine that could operate as a potato sacker like appellant's machine.

In the Naeher patent No. 1,719,124 the platform 12, on which are placed the bags to be filled, has an *up-and-down vertical swinging movement*, and not a *horizontal reciprocating movement* like appellant's jigger board 22. The *reciprocating horizontal movement* of appellant's jigger board is vitally important. A vertical movement like the movement of Naeher's platform 12 would throw off the *special potato sacks* used in a potato sacking machine, and such vertical movement of Naeher's machine would throw the uppermost potatoes up in the sacks, so that they would drop on the potatoes below and bruise the potatoes, and cause them to rot [Tr. p. 58]. The court took judicial notice of the fact that if a platform on which a sack of potatoes is supported, is moved up and down, the potatoes will "jump like a jumping bean" [Tr. p. 163]. The Naeher machine was never intended to sack potatoes and there is no evidence that it was ever used for such purpose. The Naeher patent, page 1, first column, lines 4-6, states that it "is an improvement upon the type of machine disclosed in patent No. 1,616,016," and consequently patent No. 1,616,016 is made a part of and limits the Naeher patent. Patent No. 1,616,016 was not offered in evidence by the defendants, but was introduced in evidence by plaintiff as Plain-

tiff's Exhibit No. 14. Said patent was issued to Antony Wertenbruch and later reissued to him on April 17, 1928, as Reissue No. 16934. The Naeher patent does not state the kind of materials it handles in filling bags, but the Wertenbruch patent No. 1,616,016 on which the Naeher patent is an improvement, states on page 1, first column, lines 14-29, that it is a machine for filling and compacting *granular material* in bags, into which the granular material is directed by spouts. The Naeher patent, being necessarily interpreted in the light of the Wertenbruch patent No. 1,616,016, is therefore a machine for filling bags with *granular material* with the use of *spouts*, as shown in the Naeher patent and indicated A in the Wertenbruch patent No. 1,616,016. The Naeher patent, therefore, could not be used for sacking potatoes, in view of its *vertical* movement of its platform and the use of *spouts*, which have been proved to be unsuccessful [Tr. p. 197].

The Erickson *et al.*, patent, No. 2,043,739, the last of the three best references set up against the appellant's patent No. Re. 22,740, is a "Method and Apparatus for Proportioning and Mixing Fruit," and is used in the art of canning fruit and the like and for proportioning and mixing *diced* fruits etc. preparatory to canning or other preserving operations. The apparatus has a series of *inclined* shaker tables C, D and E down which the water and fruit flow for draining the fruit of the water. The shaker tables have no stations like appellant's cleats 28 for holding sacks stationary against sliding on said

shaker tables, for filling such sacks with potatoes and compacting the potatoes in said sacks by the shaking movement of said tables. This Erickson patent could not be used for sacking potatoes, and has little or no bearing on appellant's invention.

The three best references as above considered are in arts entirely foreign to the potato sacking art and since they do not disclose the elements of appellant's invention they are without significance, or probative values.

From the foregoing analysis of the case it is submitted that appellant has presented to the potato sacking industry an invention of the first magnitude, which has quadrupled the capacity of the fastest potato-sacking machine in use at the time of his invention, and has revolutionized the potato-sacking industry. Appellant's patent No. Re. 22,740 is accordingly entitled to a very liberal construction and to be read on the defendants'-appellees' accused and infringing machines.

Eibel Process Company v. Minnesota and Ontario Paper Co., 1923, 261 U. S. 45, 63, 43 S. Ct. 322, 328, 67 L. Ed. 523.

ISSUE 5.

A clear and unmitigated case of wilful and wanton infringement of Claim 1 of each of the two patents in suit is made out against the defendants-appellees, and each of them, in view of the evidence and the law of the case, as presented herein, and the Final Judgment of no infringement in the case is contrary to the evidence and the law.

Conclusion.

It is submitted that appellant has abundantly made out his case of infringement of Claim 1 of each of the two patents in suit against the defendants-appellees; that the Final Judgment of dismissal of the suit be reversed, and that this Honorable Court render judgment of infringement of Claim 1 of each of the two patents in suit by the defendants-appellees; that an accounting for damages be had against appellees and that said damages be trebled; and that appellant recover his costs against defendants-appellees.

Respectfully submitted,

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J. CALVIN BROWN,

Of Counsel.

No. 12323

IN THE

United States Court of Appeals

FOR THE NINTH CIRCUIT

EARL A. ERNST,

Appellant,

vs.

A. G. CLEMENS, and H. G. McBRIDE, and A. G. CLEMENS,
and H. G. McBRIDE, doing business as IDEAL MANU-
FACTURING COMPANY,

Appellees.

BRIEF FOR APPELLEES.

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FILED

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TOPICAL INDEX

	PAGE
Jurisdiction of this court.....	1
Statement of the case.....	1
Chronology	1
Trial court's decision.....	4
Issues	5
Summary of argument.....	6
Argument	8

I.

The question of infringement is a question of fact and the findings of the court below should not be disturbed unless clearly erroneous	8
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II.

The findings of the court below on the issues of infringement are fully supported by the evidence and should be sustained	13
A. Claim 1 of Patent No. 2,288,159 is clearly not infringed by the defendants.....	13
B. Claim 1 of reissue Patent No. Re. 22,740 is clearly not infringed by the defendants.....	22
Conclusion	27
Appendix. List of prior art patents.....	App. p. 1

TABLE OF AUTHORITIES CITED

CASES	PAGE
Brill v. St. Louis Car Co., 90 Fed. 666.....	19
Carlson Hoist and Machine Co., Inc. v. Builders Equipment Corporation, 96 F. 2d 145.....	20
Continental Paper Bag Co. v. Eastern Paper Bag Co., 210 U. S. 405, 52 L. Ed. 1122, 28 S. Ct. 748.....	8, 10
Corona Cord Tire Co. v. Dovan Chemical Corp., 276 U. S. 375, 72 L. Ed. 616.....	8, 12
Dry Hand Mop Co. v. Squeeze-Ezy Mop Co., 17 F. 2d 465.....	19
E. Van Noorden Co. v. Cheney Co., 75 F. 2d 298.....	19
Eaid v. Twohy Bros. Co., 230 Fed. 444.....	20
Eibel Process Co. v. Paper Co., 261 U. S. 45.....	21
Faulkner v. Gibbs, 170 F. 2d 34, 79 U. S. P. Q. 158; aff'd 94 L. Ed. (Adv. Ops.) 30, 83 U. S. P. Q. 192.....	8, 12
Graver Tank & Manufacturing Company, Inc., et al. v. The Linde Air Products Company, 336 U. S. 271, 93 L. Ed. (Adv. Ops.) 492, 337 U. S. 910.....	8
Hennebique Const. Co. v. Urban Const. Co., 182 Fed. 496.....	19
I. T. S. Rubber Co. v. Essex Rubber Co., 272 U. S. 429, 71 L. Ed. 335.....	18
International Harvester Co. v. Killefer Mfg. Co., 67 F. 2d 54.....	19, 27
Kaumagraph Co. v. Superior Trade Mark Mfg. Co., 72 F. 2d 417.....	19
Keyes et al. v. Grant et al., 118 U. S. 25, 30 L. Ed. 57.....	8, 10
Knick v. Bowes "Seal Fast" Corp., 25 F. 2d 442.....	19
Lunati v. Barrett, 104 F. 2d 313.....	21
MacKay Radio & Telegraph Co., Inc. v. Radio Corporation of America, 306 U. S. 86.....	21
Magnavox Co. v. Hart & Reno et al., 73 F. 2d 435.....	19
Mason Corporation et al. v. Halliburton et al., 118 F. 2d 729.....	20

	PAGE
Miller v. Eagle Mfg. Co., 151 U. S. 186.....	20
Overlin v. Dallas Machine & Locomotive Works, 297 Fed. 7.....	20
Pacific States Electric Co. v. Wright, 277 Fed. 756.....	20
Smith v. Magic City Kennel Club, Inc., 282 U. S. 784, 75 L. Ed. 707	18
Stilz v. United States, 269 U. S. 147, 70 L. Ed. 203.....	8, 9
Thomas Day Co. v. Doole Laboratories, 42 F. 2d 6.....	20
Thomson Spot Welder Company v. Ford Motor Company, 265 U. S. 446, 68 L. Ed. 1100.....	8, 11
Weber Elec. Co. v. E. H. Freeman Elec. Co., 256 U. S. 668, 65 L. Ed. 1162.....	19
Wilson & Willard Mfg. Co. v. Union Tool Co., 249 Fed. 729....	20
Wood v. Boylan, 19 F. 2d 48.....	19

STATUTES

Federal Rules of Civil Procedure, Sec. 52a.....	8
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No. 12323

IN THE

United States Court of Appeals

FOR THE NINTH CIRCUIT

EARL A. ERNST,

Appellant,

vs.

A. G. CLEMENS, and H. G. McBRIDE, and A. G. CLEMENS,
and H. G. McBRIDE, doing business as IDEAL MANU-
FACTURING COMPANY,

Appellees.

BRIEF FOR APPELLEES.

Jurisdiction of This Court.

The statement as to jurisdiction appearing in Appellant's Opening Brief we concede to be correct.

Statement of the Case.

CHRONOLOGY.

We do not find it feasible to correct inaccuracies or omissions in the discussion of the "inventions in suit" contained in Appellant's Opening Brief (pp. 3-14), and for that reason and to preserve a continuity we present the following chronology which is supported generally by

the uncontroverted testimony of J. Walker Glenn, the testimony of Spencer Darby Day, and in several instances, by the testimony of Plaintiff-Appellant's expert witness, Harry Gearing.

Prior to 1913, it was the conventional procedure for farmers to dig their potatoes, select and grade them in the field as dug, and to deposit the potatoes into "large mug" sacks by hand. [Tr. 117.] This process was largely manual and necessarily so because it was the practice to arrange specimen potatoes on the top of the sacks for display purposes. This was known as facing. [Tr. 120.]

The advent of mechanical aids to handle potatoes between 1913 and 1915 somewhat altered the potato harvesting, sorting, grading and sacking procedure. [Tr. 118.] At about this time, it became the practice to haul potatoes from the field and to deposit them on a table for sorting and grading purposes preliminary to sacking. The first tables were merely slanted boxes down which the potatoes gravitated and were manually urged. Later, a shaker box was employed which was rocked backward and forward to jiggle or vibrate the potatoes as a sorting and grading convenience. The shaker boxes were generally of the form shown at 72 in Fig. 1 of the Bradbury Grain Separator patent, No. 826,988 [Tr. Vol. II, p. 356], according to the testimony of J. Walker Glenn, but were originally hand motivated. [Tr. 118-119.]

In 1928 it became popular to employ hand jiggled sack holders adapted to receive sacks suspended thereon into which potatoes were directed. [Tr. 119.] As early as 1933, the potatoes were conveyed by means of a belt conveyor and diverted from the belt into sacks by a movable shearer. [Tr. 119.] At this time, it was not regarded as practical mechanically to jiggle the sacks because of the

continuing requirement that the “open mug” sacks, which were generally demanded by the trade, be faced for display purposes. [Tr. 120.]

Subsequently, the trade gradually accepted larger sacks having somewhat constricted tops and the facing required for “open mug” sacks was gradually abandoned. The abandonment of the “open mug” sacks made possible the mechanical jiggling of the sacks for the settling of potatoes therein and several manufacturers, including the plaintiff, defendants, and several others, produced and sold machines for that purpose. It was a simple step to substitute a power drive for the manual manipulation of the sack holder previously employed. [Tr. 120 *et seq.*]

In 1946 under a license arrangement entered into with a man by the name of Biloff, one or more of the defendants started manufacturing and selling a sacking machine employing a conveyor belt, a shear plate adapted to divert articles from the belt, means for holding sacks to receive articles diverted by the shear plate, and a jiggle board on which the sacks were rested and vibrated to settle the articles therein. [Tr. 106 *et seq.*] During the production and sale of the Biloff apparatus, the defendants made certain modifications and improvements therein and met with a measure of commercial success, as did nearly all manufacturers of potato sacking equipment after the need for facing the “open mugs” ceased. Unable to obtain a patent in this art, Biloff subsequently notified the defendants then building the Biloff apparatus that they need no longer pay him royalty thereon.

On April 29, 1948, the plaintiff-appellant filed this suit against the defendants alleging infringement of Claim 1 of United States Letters Patent No. 2,288,159, issued in the name of Frederick J. Ernst, to plaintiff-appellant Earl

A. Ernst, administrator of said Frederick J. Ernst, on June 30, 1941 [Tr. 323], and Claim 1 of Patent No. Re. 22,740 [Tr. 326], issued to the plaintiff-appellant, Earl E. Ernst, on April 2, 1946.

The defendants-appellees' machines charged to infringe are illustrated in photographs, Plaintiff's Exhibits 11-A, 11-B, 11-C, 12-A, 12-B, and 16, and Defendants' Exhibits A, B, C, D and E. These photographs are physical exhibits not reproduced in the bound transcript.

TRIAL COURT'S DECISION.

As a result of the trial thus initiated, the Honorable Leon R. Yankwich rendered a decision March 12, 1949, holding that Claim 1 of each Patent was valid but not infringed by the defendants. [Tr. 17 *et seq.*] In his decision, Judge Yankwich commented [Tr. 18-19]:

"In a situation like the present one, we are in between a veritable Scylla and Charybdis. If we interpret the claims as they stand, there is no infringement. If, on the other hand, by resort to the specifications, we interpret them broadly and carry into the claims the elements which are not in them, we land the device in the prior art, and there is no invention."

Findings of Fact and Conclusions of Law were made [Tr. 21 *et seq.*], and a Final Judgment dismissing the Complaint was entered March 28, 1949. [Tr. 33-34.]

From such judgment the plaintiff has appealed to this Honorable Court, urging in his Opening Brief that Claims 1 of both of the Patents in suit are entitled to have the doctrine of equivalents invoked to such extent as to cause the claims to read on the defendant's apparatus.

Issues.

Broadly stated, the issues in the instant appeal are:

- A. Is the decision of the Trial Court that the defendants-appellees' structure does not infringe Claim 1 of Patent No. 2,288,159 so clearly erroneous as to warrant reversal of the judgment?
- B. Is the decision of the Trial Court that the defendants-appellees' structure does not infringe Claim 1 of Patent No. Re. 22,740, so clearly erroneous as to warrant reversal of the judgment.

Each of these primary issues involves consideration of a subordinate but nevertheless controlling issue which may simply be stated:

- C. Should the Trial Court have invoked the doctrine of equivalents in interpreting Claims 1 of either or both patents in suit to such an extent as to cause the same to read on the defendants-appellees' apparatus?

SUMMARY OF ARGUMENT.

I.

The Question of Infringement Is a Question of Fact and the Findings of the Court Below Should Not Be Disturbed Unless Clearly Erroneous.

II.

The Findings of the Court Below on the Issues of Infringement Are Fully Supported by the Evidence and Should Be Sustained.

- A. Claim 1 of Patent No. 2,288,159 is not infringed by the defendants.
 1. The scope of Claim 1 should not be enlarged.
 - a. The Ernst conveyor belt unloading device was at most a very minor contribution to a crowded and well developed field of endeavor.
 - b. Diligent effort in behalf of F. J. Ernst was made to obtain broad protection but the Patent Office restricted the claims to narrow and specific terminology.
 - c. The precise point of novelty, if novelty is present in the structure defined by Claim 1, must of necessity reside in the precise combination set forth including, "*a loose sleeve on each bar having attached coupling means to hold a plate,*" and "*a plate having a portion of its ends in the coupling means.*"
 2. The precise structure claimed is not even alleged to be found in any of the defendants' apparatus.
 3. The interpretation of the patent required for its validity precludes infringement thereof by the defendants.

B. Claim 1 of Reissue Patent No. Re. 22,740 is not infringed by the defendants.

1. Ernst is not entitled to have the scope of Claim 1 enlarged.

a. If the Ernst device made any contribution to the crowded and thoroughly developed art of shaking devices to which it relates, such contribution is so minor as to be almost undetectable.

b. During the prosecution of the original application, the prosecution of the reissue application, and the appeal in the Patent Office the plaintiff made diligent effort to obtain broad protection, but the Patent Office examiner and Board of Appeals felt compelled to limit the claims to the specific language employed because of the prior art.

c. If Claim 1 relates to any novel structure, it must of necessity reside in the combination of an elongated platform having "*a central open locus*" and a vibratory means including a "*pitman*" "having its connection with the platform *at its central locus.*"

(1) The plaintiff's own expert acknowledged the existence of both central open *loci* in platforms, and pitman connected to platforms in devices of the prior art.

(2) Obviously the combination of these precise limitations are required to impart patentable novelty to Claim 1 of Re. 22,740.

2. The combination claimed is not found in any of the plaintiff's apparatus.

3. The patent having been interpreted so as to be valid, cannot be infringed by the defendants' apparatus.

ARGUMENT.

I.

The Question of Infringement Is a Question of Fact and the Findings of the Court Below Should Not Be Disturbed Unless Clearly Erroneous.

Graver Tank & Manufacturing Company, Inc., et al. v. The Linde Air Products Company, 336 U. S. 271, 93 L. Ed. Adv. Op. 492, 337 U. S. 910; *Stilz v. United States*, 269 U. S. 147, 70 L. Ed. 203;

Continental Paper Bag Co. v. Eastern Paper Bag Co., 210 U. S. 405, 52 L. Ed. 1122, 28 S. Ct. 748;

Keyes et al. v. Grant et al., 118 U. S. 25, 30 L. Ed. 57;

Thomson Spot Welder Company v. Ford Motor Company, 265 U. S. 446, 68 L. Ed. 1100;

Corona Cord Tire Co. v. Dovan Chemical Corp., 276 U. S. 375, 72 L. Ed. 616;

Faulkner v. Gibbs, 170 F. 2d 34, 79 U. S. P. Q. 158 (9 Cir.) (affirmed without reference to this point, 94 L. Ed. Adv. Op. 30, 83 U. S. P. Q. 192).

Rule 52a of the Federal Rules of Civil Procedure provides:

“Findings of Fact shall not be set aside unless clearly erroneous, and due regard shall be given to the opportunity of the Trial Court to judge of the credibility of the witness.”

In *Graver Tank & Manufacturing Company, Inc., et al. v. The Linde Air Products Company*, *supra*, 336 U. S. 271, 93 L. Ed. Adv. Op. 492, 337 U. S. 910, the latest

decision of the Supreme Court of the United States which we have been able to find relative to this point, Mr. Justice Jackson expressed the opinion of seven members of the Court as follows:

“The rule requires that an Appellate Court make allowance for the advantages possessed by the Trial Court in appraising the significance of conflicting testimony and reverses only ‘clearly erroneous’ findings.”

A rehearing was granted by the Supreme Court in this matter but on another question. Justice Black and Douglas dissented from this opinion urging that the patentability of an invention is a question of law to be decided by the Courts as such. The issue in the instant matter does not involve the question of patentability but rather that of infringement. At any rate, Justice Jackson’s words are believed to be a sound statement of the law.

The Supreme Court of the United States in an appeal from the Court of Claims in *Stilz v. United States*, *supra*, 269 U. S. 147, 70 L. Ed. 203, offered the following pronouncement:

“Infringement is a question of fact. The quoted finding is in the nature of special verdict of a jury. *United States v. Societe Anonyme des Anciens Etablissements*, 224 U. S. 309, 322, 330, 56 L. Ed. 778, 785, 788, 32 Sup. Ct. Rep. 479; *Brothers v. United States*, 250 U. S. 88, 93, 63 L. Ed. 859, 862, 39 Sup. Ct. Rep. 426. This Court accepts the findings of fact made by the Court of Claims and cannot review them. *Collier v. United States*, 173 U. S. 79, 80, 43 L. Ed. 621, 622, 19 Sup. Ct. Rep. 330. And even where a finding determines a mixed question of law and fact, it is conclusive unless the Court

is able to separate the question to see whether there is a mistake of law. *United States v. Omaha Tribe of Indians*, 253 U. S. 275, 281, 64 L. Ed. 901, 905, 40 Sup. Ct. Rep. 522; *Ross v. Day*, 232 U. S. 110, 116, 58 L. Ed. 528, 529, 34 Sup. Ct. Rep. 233; *Whitcomb v. White*, 214 U. S. 15, 16, 53 L. Ed. 889, 890, 29 Sup. Ct. Rep. 599; *Marquez v. Frisbie*, 101 U. S. 473, 476, 25 L. Ed. 800, 801.”

The Supreme Court in *Continental Paper Bag Co. v. Eastern Paper Bag Co.*, *supra*, 310 U. S. 405, 52 L. Ed. 1122, 38 S. C. 748, held that the question of infringement was a question of fact upon which, both of the Courts below concurring, the findings would not be disturbed unless clearly in error.

In *Keyes et al. v. Grant et al.*, *supra*, 118 U. S. 25, 30 L. Ed. 57, the following language was employed in a case which related to improvements in lead smelting furnaces:

“The judgment entered on the verdict rendered in favor of the defendants, in pursuance of the direction of the Court, can be maintained only on the ground, either that the legal identity of the furnace described by Karsten with that covered by the plaintiffs’ patent was manifest as a matter of law, or that it was established as a matter of fact so conclusively by the evidence that a verdict the other way could not be supported, within the rule as stated in *Randall v. Baltimore & O. R. R. Co.*, 109 U. S. 478 (Bk. 27, L. Ed. 1003).

“Clearly it was not a matter of law that the specification of the plaintiffs’ patent, and the publication of

Karsten, taken in connection with the drawings intended in illustration, described the same thing. The differences were obvious in the arrangement of the parts, and the relation of the basin in one, and the fore hearth in the other, to the interior of the furnace, and the mode of connecting the one with the other for the purpose of drawing the metal from the furnace. So that it certainly was not a matter of mere judicial knowledge that these differences were either not material in any degree to the result or, if material at all, were only such as would not require the exercise of the faculty of invention but would be suggested by the skill of an experienced workman employed to produce the best result in the application of the well known arrangements of the furnace."

In *Thomson Spot Welder Company v. Ford Motor Company*, *supra*, 265 U. S. 446, 68 L. Ed. 1100, the Supreme Court affirmed the Sixth Circuit Court of Appeals in affirming a District Court of the Eastern District of Michigan in dismissing a bill filed to enjoin the alleged infringement of a patent. The following language of the Supreme Court is believed to be in point:

"* * * The question whether an improvement requires mere mechanical skill or the exercise of the faculty of invention is one of fact; and, in an action at law for infringement, is to be left to the determination of the jury. *Keyes v. Grant*, 118 U. S. 25, 36, 37, 30 L. Ed. 54, 57, 58, 6 Sup. Ct. Rep. 950; *Holmes v. Truman*, 14 C. C. A. 517, 29 U. S. App. 572, 67 Fed. 542, 543; *Hall v. Wiles* (C. C.), 2 Blatchf. 194,

Fed. Cas. No. 5,954; *Poppenhusen v. Falke* (C. C.), 5 Blatchf. 46, Fed. Cas. No. 11,280; *Shuter v. Davis* (C. C.), 16 Fed. 574, 566; *Blessing v. John Trageser Steam Copper Works* (C. C.), 34 Fed. 753, 754. Ordinarily, therefore, the case would call for the application of the well-settled rule that the concurrent findings of the lower courts on questions of fact will be accepted by this Court unless clear error is shown."

In *Corona Cord Tire Co. v. Dovan Chemical Corp.*, *supra*, 276 U. S. 375, 72 L. Ed. 616, the Supreme Court in pointing out an exception, applicable in the event of a conflict of decisions in lower Courts, to the rule emphasized herein stated the rule to which this exception related as follows:

"It is also claimed that because the Trial Court in this cause found, after hearing the witnesses, the weight to be with the petitioner and against Weiss, assignor of respondent, his conclusions of fact, except for manifest error, are to be treated as unassailable. *Adamson v. Gilliland*, 242 U. S. 350, 353, 61 L. Ed. 356, 357, 37 Sup. Ct. Rep. 169; *Davis v. Schwartz*, 155 U. S. 631, 39 L. Ed. 389, 15 Sup. Ct. Rep. 355; *Tilghman v. Proctor*, 125 U. S. 136, 149, 31 L. Ed. 664, 668, 8 Sup. Ct. Rep. 894, and *Mason v. United States*, 260 U. S. 545, 556, 67 L. Ed. 396, 400, 43 Sup. Ct. Rep. 200."

This Court of Appeals has long followed the rule and applied it rather recently in *Faulkner v. Gibbs*, 170 F. 2d 34, 79 U. S. P. Q. 158, with copious citations. The Supreme Court affirmed the case but had no occasion to refer specifically to this point. 94 L. Ed. Adv. Op. 30, 83 U. S. P. Q. 192.

II.

The Findings of the Court Below on the Issues of Infringement Are Fully Supported by the Evidence and Should Be Sustained.

A. Claim 1 of Patent No. 2,288,159 Is Clearly Not Infringed by the Defendants.

In an effort to distinguish Patent No. 2,288,159 over the prior art,¹ the plaintiff-appellant has considered it necessary to define the prior art to his own convenience by limiting it to potato handling mechanisms only. This is obviously a superlative absurdity. The patentee, F. J. Ernst, defined his machine as a “sacking device.” After extensive prosecution, the claims identify the mechanism as “a device for unloading belt conveyors of articles.” The mechanism is described as being adapted to receive “articles” which at one point are exemplified by reference to “potatoes, oranges, etc.” and at another point by reference to “walnuts, apples, and oranges.”

Ernst’s recognition that his invention related to sacking devices generally, independent of the particular material to be sacked, was confirmed by the actions of the Patent Office in citing as references other sacking devices adapted to be utilized in connection with the deflecting of such articles from conveyor belts as “salt, sugar, flour, coffee, etc.” (*Bates*, Patent No. 643,102); “bottles” (*Norkewitz*, Patent No. 860,936); “wheat, corn, clay, coal, and other

¹Because the prior art is not very conveniently arranged in the book of exhibits, Transcript Volume II, nor well indexed, we have prepared and include in this brief as an appendix a list of the prior art patents and page references where copies are found.

loose material" (*Cunningham*, Patent No. 873,991); "packages and other articles" (*Nielsen*, Patent No. 869,725); "fruits and other products" (*Helenbolt*, Patent No. 1,338,729); "automobile tires" (*McBride*, Patent No. 1,504,894); "molds or other articles" (*Carpenter*, Patent No. 1,532,228); "fruits, vegetables and the like" (*De-Back*, Patent No. 1,961,478); "apples, peaches and like fruits" (*Vosler et al.*, Patent No. 2,026,200); and "diced fruits and/or vegetables" (*Erickson et al.*, Patent No. 2,043,739).

The appropriate prior art relates to belt conveyor systems generally and means for diverting materials carried thereby. The effort to limit the prior art to potatoes, in the face of the inventors' recognition of its broader scope, is as absurd as saying consideration of the prior art should be limited to structures previously used for potatoes harvested in Shafter or restricted to Irish potatoes because sweet potatoes are in another art. The plaintiff's expert witness, Harry Gearing [Tr. 264] considered all agricultural patents concerned with devices for unloading belt conveyors as relating to an art analogous to the subject invention.

As indicated by the extensive file wrapper references alluded to above and the additional references cited by the defendants at the trial, the Ernst conveyor belt unloading device was at most a very minor contribution to a crowded and well developed field of endeavor. The plaintiff's expert witness, Harry Gearing [Tr. 248] and the defendants' expert witness, J. Walker Glenn [Tr. 136 and 153] by his general testimony, agreed that both of the Ernst patents in suit related to a crowded art although Mr. Gearing qualified this opinion by indicating that the art was not crowded if limited to the potato field.

Diligent effort was made in behalf of F. J. Ernst to obtain broad protection on the Ernst sacking device but the Patent Office felt compelled to restrict the claims to narrow and specific terminology in view of the prior art. The Trial Court likewise felt it necessary to restrict interpretation of the claims to specific terminology in view of the art of reference and the additional patents cited by the defendants.

In the prosecution of Patent No. 2,288,159, Claim 1 was, prior to renumbering, Claim 11. Claim 11 was derived from Claims 8 and 9 originally submitted as Claims 1 and 2. The terminology of the resultant claim was deliberate and necessary to define novelty. Original Claims 1 and 2 related generally to elongated passageways having sack holders along the sides thereof and means in each passageway including a shearer for directing the articles into the open sacks held in the holders. These claims were rejected as presenting nothing patentable over the file jacket references of Nielsen, Helenbolt, De-Back or Erickson *et al.* In addition, Claim 2 was rejected in view of either Carpenter or Vosler *et al.* *Without argument*, the inventor cancelled Claims 1 and 2 and resubmitted them as new Claims 8 and 9. Claim 8 described the original structure contained in Claim 1 as including a frame having an endless belt, rods supported by the frame, one rod over each elongated edge of the belt, a shearer having rod engaging means at each end engaging said rods and adapted to slide thereon, the lower edge of the shearer being spaced from the belt and angularly positioned with respect to the elongated edge of the belt so that loose articles upon the belt would be shifted to one side and into one of the containers. Claim 9 contained the additional limitation that the shearer had a curved extension projected beyond the elongated edge of the

belt to direct articles from the belt to a particular container.

Claim 8 was rejected as fully met by Cunningham or McBride of record. Claim 9 was rejected on Cunningham or McBride in view of Norkewitz of record. *Without argument* the applicant cancelled Claims 8 and 9, re-writing the same as new Claim 11 which was essentially Claim 8 with the additional significant limitation of the combination of a "loose sleeve on each bar having attached coupling means to hold a plate," and "a plate having a portion of its end in the coupling means." In the "Remarks" which accompanied Claim 11 when it was submitted, the applicant through his attorney emphasized the distinction over the prior art of "sleeves" mounted loosely upon the bars. Upon the limiting of the subject matter covered by the series of claims discussed by the inclusion of the "loose sleeve on each bar" and that the plate have "a portion of its ends" in the coupling means, the claim was allowed by the Patent Office and was subsequently re-numbered Claim 1 and became the only claim in Patent No. 2,288,159 which the Defendants are alleged to infringe.

Certainly, the precise points of novelty, if novelty is present in the structure defined by Claim 1, must of necessity reside in the precise combination set forth including "*a loose sleeve on each bar having attached coupling means to hold a plate,*" and "*a plate having a portion of its ends in the coupling means.*" **This precise structure is not even alleged to be found in any of the defendants' apparatus.** In fact, the plaintiff's testimony [Tr. 69] and the testimony of the plaintiff's witness, Harry Gearing [Tr. 296], as well as the testimony of the defendants' witness, J. Walker Glenn, conclusively establishes that the

defendants have not employed the “loose sleeves” in the structure claimed, nor a plate “having a portion of its ends in the coupling means.” Visual reference to the photographs of the defendants’ apparatus readily confirms this.

Although the validity of Patent No. 2,288,159 is not attacked by any cross-appeal this Court will no doubt consider the interpretation of the claim prerequisite to validity of the patent in determining the question of infringement. The plaintiff-appellant emphasized the significance of the sleeves and distinguished the sleeves over the rollers and other mounting structures of the prior art in the testimony of Harry Gearing. [Tr. 230 and 252.] At transcript, page 291, this plaintiff’s witness further agreed that the novelty of the Ernst invention, if any, resided in the simplicity of the mechanism achieved by the specific design of the sleeves 54 and their attachment to the shearer plate 52. Mr. Gearing further emphasized [Tr. 256 and 291] that the Ernst sleeves were distinguishable as a carrying means for a shearer plate over wheels or trolley pulleys mounted on a rod or track, because of their simplicity.

Prerequisite to the validity of Patent No. 2,288,159 was the establishment that the sleeves and shearer mounting of this Ernst patent were not equivalent to the following antecedents in the prior art:

a. The trolley wheels or rollers 10 mounted on the track 9 of the unloading mechanism of *Cunningham* shown in Patent No. 873,991. [Tr. 424.]

b. The shear plate or deflector 28 slidably mounted on the tight guy wires 30 of Patent No. 1,338,729 to *Helenbolt*. [Tr. 431.]

c. The guide arm 36 of the *True* conveyor system shown in Patent No. 1,369,502 [Tr. 403] adjustably positioned in brackets 37 arranged at selected positions longitudinally of an endless conveyor.

d. The plow or shearer 30 mounted for adjustable positioning longitudinally of an endless conveyor 24 by a frame 27 mounted for slidable movement on a pair of spaced metal strips 25 incorporated in the *Paisley* apparatus of Patent No. 1,818,427. [Tr. 413.]

e. The scooter blocks 46, 47, 48, and 49 of *Vosler et al.* of Patent No. 2,026,200 [Tr. 479] supported at one side by a roller 51 and at the opposite side by a plate or track 44 on which a connecting member 45 is guidedly rested. This structure is clearly evident in Fig. 3 and moves longitudinally of an endless conveyor belt 21.

Having established that the rollers, slides, and the like of the prior art patents are not equivalent to the sleeves of the Ernst structure, the plaintiff-appellant performs the legal contortion of now urging that the trolley wheels and supporting structure of the applicant's apparatus is a mechanical equivalent. The law has not been uncertain where such equivocation is necessary to urge infringement. It has been clearly established that a range of equivalents will not be allowed which would give to a claim an enlarged scope that was expressly denied to it in the Patent Office.

Smith v. Magic City Kennel Club, Inc., 282 U. S. 784, 789, 790, 75 L. Ed. 707 (1931);

I. T. S. Rubber Co. v. Essex Rubber Co., 272 U. S. 429, 71 L. Ed. 335;

- Weber Elec. Co. v. E. H. Freeman Elec. Co.*, 256 U. S. 668, 677, 65 L. Ed. 1162;
E. Van Noorden Co. v. Cheney Co., 75 F. 2d 298, 302, C. C. A. 1 (1934);
Kaumagraph Co. v. Superior Trade Mark Mfg. Co., 72 F. 2d 417, 420, C. C. A. 2 (1934);
Knick v. Bowes "Seal Fast" Corp., 25 F. 2d 442, 446, C. C. A. 8 (1928);
Wood v. Boylan, 19 F. 2d 48, C. C. A. 8 (1927);
Dry Hand Mop Co. v. Squeeze-Ezy Mop Co., 17 F. 2d 465, C. C. A. 5 (1927);
Hennebique Const. Co. v. Urban Const. Co., 182 Fed. 496, C. C. A. 8 (1910);
Brill v. St. Louis Car Co., 90 Fed. 666, C. C. A. 8 (1898).

This Court in *International Harvester Co. v. Killefer Mfg. Co.*, 67 F. 2d 54, held:

"The range of equivalents to which the patent is entitled depends upon the scope of the invention. The range of equivalents to be allowed cannot be extended to cover means which have clear antecedents in the prior patented art."

In *Magnavox Co. v. Hart & Reno et al.*, 73 F. 2d 435, this Court stated in connection with facts similar to the present action:

"Assuming, then but not deciding, that the patents in suit are valid, the invention, if any, therein disclosed is of so limited a nature as to require a strict construction of the various claims relied upon by appellants. We do not believe that the patents, even if valid, are of 'pioneer' or 'primary character' . . . Such a situation calls for a strict construction of the patents."

Further, in *Miller v. Eagle Mfg. Co.*, 151 U. S. 186, it is stated:

“The range of equivalents depends upon the extent and nature of the invention.”

Further, rulings of this Court consistent with this sound doctrine are found in:

Thomas Day Co. v. Doole Laboratories, 42 F. 2d 6;

Eaid v. Twohy Bros. Co., 230 Fed. 444;

Wilson & Willard Mfg. Co. v. Union Tool Co., 249 Fed. 729;

Pacific States Electric Co. v. Wright, 277 Fed. 756;

Overlin v. Dallas Machine & Locomotive Works, 297 Fed. 7.

In *Carlson Hoist and Machine Co., Inc. v. Builders Equipment Corporation*, 96 F. 2d 145, the Second Circuit Court of Appeals refused to employ the doctrine of equivalents to establish infringement where the patented disclosure of another party would then be an anticipation.

In *Mason Corporation et al. v. Halliburton et al.*, 118 F. 2d 729, the Tenth Circuit Court of Appeals stated:

“The range of equivalents depends upon the degree of invention . . . The patent in suit marked only a slight advance or improvement over the prior art and its range of equivalents is narrow. Its range of equivalents cannot be extended to cover means which have clear antecedents in the prior art.”

In *Lunati v. Barrett*, 104 F. 2d 313, involving facts similar to those of the instant case, the Sixth Circuit Court of Appeals stated:

“The claims in suit must be narrowly construed within the principle so often applied in this Court that where claims define an element in terms of form, location, or function, thereby creating an express limitation, where that limitation pertains to the inventive step and imports a substantial function which the patentee considered of importance, the Court cannot be permitted to say that other forms which the inventor thus declared not equivalent are so to be treated.”

Still further, the United States Supreme Court in *MacKay Radio & Telegraph Co., Inc. v. Radio Corporation of America*, 306 U. S. 86, held that a patentee who avoided prior art by defining an angle for directive radio antennae with mathematical precision, could not discard that precision to establish infringement by structures wherein the angles varied slightly from angles derived by the use of the patented formula. This case is consistent with the view expressed by Chief Justice Taft in *Eibel Process Co. v. Paper Co.*, 261 U. S. 45, as follows:

“If what he (the inventor) has done works only a slight step forward, and that which he says is discovery is on the border line between mere mechanical change and real invention, then his patent, if sustained, will be given a narrow scope, and infringement will be found only in approximate copies of the new device.”

As pointed out by the Trial Court, the validity of Claim 1 of Patent No. 2,288,159 and its infringement by the apparatus of the defendants are absolutely incompatible.

B. Claim 1 of Reissue Patent No. Re. 22,740 Is Clearly Not Infringed by the Defendants.

Claim 1 of the above identified reissue patent defines the subject invention as “a device for shaking containers and the like to settle the contents thereof.” Obviously, the art to which this patent relates includes container shaking and jiggling devices generally and is not limited to the shaking or jiggling of sacks for potatoes alone, as the plaintiff-appellant has deemed necessary to urge in his Opening Brief. Although the invention is described by the applicant in his patent as being “especially useful in machine sacking of potatoes and other vegetables, and particularly those vegetables and/or fruits which are generally shipped in long sacks,” such particular usefulness does not even limit the device, nor the prior art, to fruits or vegetables.

The Patent Office appropriately interpreted the Ernst “sack jigger” as relating to shaking devices generally and in no way limited to a particular article to be sacked or container. For example, the *Nielsen* file wrapper reference, Patent No. 869,725, refers to “packages and other articles”; *Keeran*, Patent No. 893,516, to “grain, granular or loose material”; *Broussard*, Patent No. 1,014,444, to “sugar, corn, rice”; *Stehlin*, Patent No. 1,191,243, to “grain and various materials”; *Cowley*, Patent No. 1,225,586, to “a series of articles”; *Sargent*, Patent No. 1,352,225, to a jiggled washing machine; *Williams*, Patent No. 1,640,103, to “grain”; *Shaler*, Patent No. 1,924,202, to “mill feeds or similar products”; *Nicolas*, Patent No. 2,119,174, to “coffee, sugar, cocoa, flour, rolled oats, cereals”; *Anderson*, Patent No. 2,234,069, to “flour”; *Belcher et al.*, Patent No. 2,234,953, to “sugar, cocoa, coffee, flour, and various other comminuted materials.”

The extent of the prior art of reference and the additional patents cited by the defendant-appellee herein indicate that structures for shaking containers to settle the contents therein constitute an old and crowded art. The defendants-appellees' expert witness J. Walker Glenn [Tr. 152 and 153] and the plaintiff-appellant's expert witness, Harry Gearing [Tr. 248, 261 and 262], concurred in this, although Mr. Gearing qualified his analysis of the field as being crowded by indicating that he did not believe it was crowded if the art were limited to the potato field. As previously discussed, no such self-service in limiting the art to which an invention relates is permissible in instances of this kind.

Certainly, if the Ernst sack jiggler made any contribution to the crowded and thoroughly developed art of shaking devices to which it relates, such contribution is so minor as to be almost undetectable. Even though the plaintiff-appellant's expert witness Gearing had never seen any potato sacking machine, he did not believe that the development of the sack jigger of the Ernst patent Re. 22,740 would have presented any difficult or insurmountable problem. [Tr. 268 and 270.] Mr. Gearing considered the Ernst "Sack Jiggler" to contain *nothing new* but rather to be the adaptation of old principles to a new art, the new art being defined as that of sacking potatoes. [Tr. 261 and 286.]

During the prosecution of the original patent of Re. 22,740, the prosecution of the reissue application, and the appeal, diligent effort was made to obtain broad protection, but the Patent Office and the Board of Appeals believed themselves obligated to limit the claims to the specific language employed because of the prior art. The claim in suit was not broadened one iota by the reissue

or appeal procedures. The first patent application relating to the Sack Jigger filed by Mr. Ernst contained fourteen claims, all of which were rejected and subsequently cancelled by the applicant *without argument*. In the first amendment filed by the applicant, new claims 15, 16, 17, 18, 19 and 20 were offered, all of which were rejected on the prior art but the suggestion was made that Claim 20, based upon rejected Claim 18, would be allowable if rewritten to include the subject-matter of Claim 18.

Claim 21, the first claim to be allowed, and the claim which subsequently became Claim 1 of the reissue Patent No. 22,740 on which the alleged infringement is based, was submitted incorporating the language of Claims 18 and 20. It will be noted that Claim 18 as originally submitted, rejected, and cancelled was a narrow claim including a platform for supporting a plurality of containers having vibratory means connected to the platform for shaking it. This was anticipated by the prior art and such anticipation recognized by cancellation thereof by the applicant. Claim 21 was distinguished from Claim 18 in the provision that said platform included an elongated surface with container stations from the ends thereof to a *central open locus* and that vibratory means be provided consisting of a *pitman* adjacent to the platform, said vibratory means *having its connection with the platform at this central open locus*.

Although the applicant mentioned in his specification that the vibratory means need not be connected to the central open locus and endeavored to avoid limiting his claims in this particular, it is noted that without such restrictions, no claims were allowable on the structure defined by Claim 1 and that file wrapper estoppel operates to limit the protection to the specific structure defined in

Claim 21 which resulted in Claim 1 of Reissue Patent No. 22,740.

If Claim 1 relates to any novel structure whatsoever, such novelty must of necessity reside in the combination of an elongated platform having a "*central open locus*" and a vibratory means including a "*pitman*" "having its connection with the platform *at its central locus*."

As Mr. Gearing testified, the prior art showed pitmans connected both centrally [Tr. 282] and to the end [Tr. 283] of movable platforms adapted to receive material to be jiggled. It was Mr. Gearing's opinion that a man skilled in the art could readily modify the *Stehlin* device [Tr. 268 and 270], the *Belcher* device [Tr. 280], and the *Nacher* device [Tr. 279], to obtain the precise structure of the Ernst sack juggler without any unreasonable trouble. For example, this plaintiff-appellant's witness could only distinguish the Ernst device over the Nacher structure, not cited by the Patent Office [Pat. No. 1,719,124; Tr. 377], in that he did not consider the platform 12 although adapted to hold a pair of sacks, to be "elongated" and in that he believed the Nacher device to be for filling sacks of grain, not potatoes. [Tr. 271 *et seq.*] He acknowledged the central open locus in the platform and the connection of the vibrating means to the platform at said central open locus. [Tr. 275.] In spite of the demonstrated operation of the Nacher bag filling machine of Fig. 5, he was inclined to believe that the structure was inoperable inasmuch as the crank shafts 16 and 17 were shown in straight line form, as viewed in Fig. 1.

Mr. J. Walker Glenn explained that the Nacher device was operable. [Tr. 148.] The crank shafts 16 and 17 are in reality offset crank shafts but are viewed in Fig. 1 on a line of sight making them appear as straight shafts.

The combination of Claim 1 including an elongated platform having a “central open locus” and having vibratory means connected to the platform at its “central locus” is not found in any of the defendants’ apparatus.

Prerequisite to the establishment of validity of the Patent No. Re. 22,740 was the establishment that the structure defined is not equivalent to that set forth in the patents to *Naeher*, *Bradbury*, *Fuerste*, *Broussard*, *Stehlin*, *Sargent*, *Erickson et al.*, and the other patents cited in connection with the sack jiggler of Ernst.

For example, Claim 1 to be valid must be interpreted so narrowly as not to be equivalent to the structure of *Naeher* [Tr. 377] which includes a framework 11, a platform 12 for supporting a plurality of containers, vibratory means 16 and 17 connected to the platform for shaking it and the containers supported thereby, said platform including an elongated surface (see 12 and 43) with container stations from the ends thereof to a central open locus, said vibratory means 16 and 17 having connection with the platform at its central locus. Further, to be valid, said Claim 1 must be interpreted as not the mechanical equivalent of the chaffing screen 72 of the *Bradbury* Patent No. 26,988 [Tr. 356] which is suspended on links 71 identical to the structure employed by Ernst and covered by Claim 1 and driven by a pitman 100-101 connected to the end of the platform.

The uncontroverted testimony of J. Walker Glenn [Tr. 118 *et seq.*] establishes that such a structure was employed by him in the handling of potatoes and onions in 1927 or 1928 or thereabouts and that sometimes the screen was covered, in which event the screen became a platform.

None of the defendants' apparatus employs a platform having a central open locus and connection of the vibratory means to the platform at the central open locus. Still further, if Claim 1 of Re. 22,740 is interpreted as requested by the plaintiff-appellant, it reads on the structure of the British patent to Belcher No. 397,679 of August 1, 1933. [Tr. 383.] This patent alone is sufficient to restrict interpretation of Claim 1 to the precise terminology employed. Certainly, the patent to Belcher considered with the other patents to which reference has been made, precludes any other interpretation.

Conclusion.

In order to plead infringement of Claim 1 of Patent No. 2,288,159 and of Claim 1 of Reissue Patent No. Re. 22,740, the plaintiff-appellant has had to urge a range of equivalents in construing the claims which extends into the prior art. Enlargement of the claims in this manner cannot be permitted in view of *International Harvester v. Killifer Manufacturing Co.*, 67 F. 2d 54, and the other cases previously cited in this connection.

The judgment of the District Court should be affirmed.

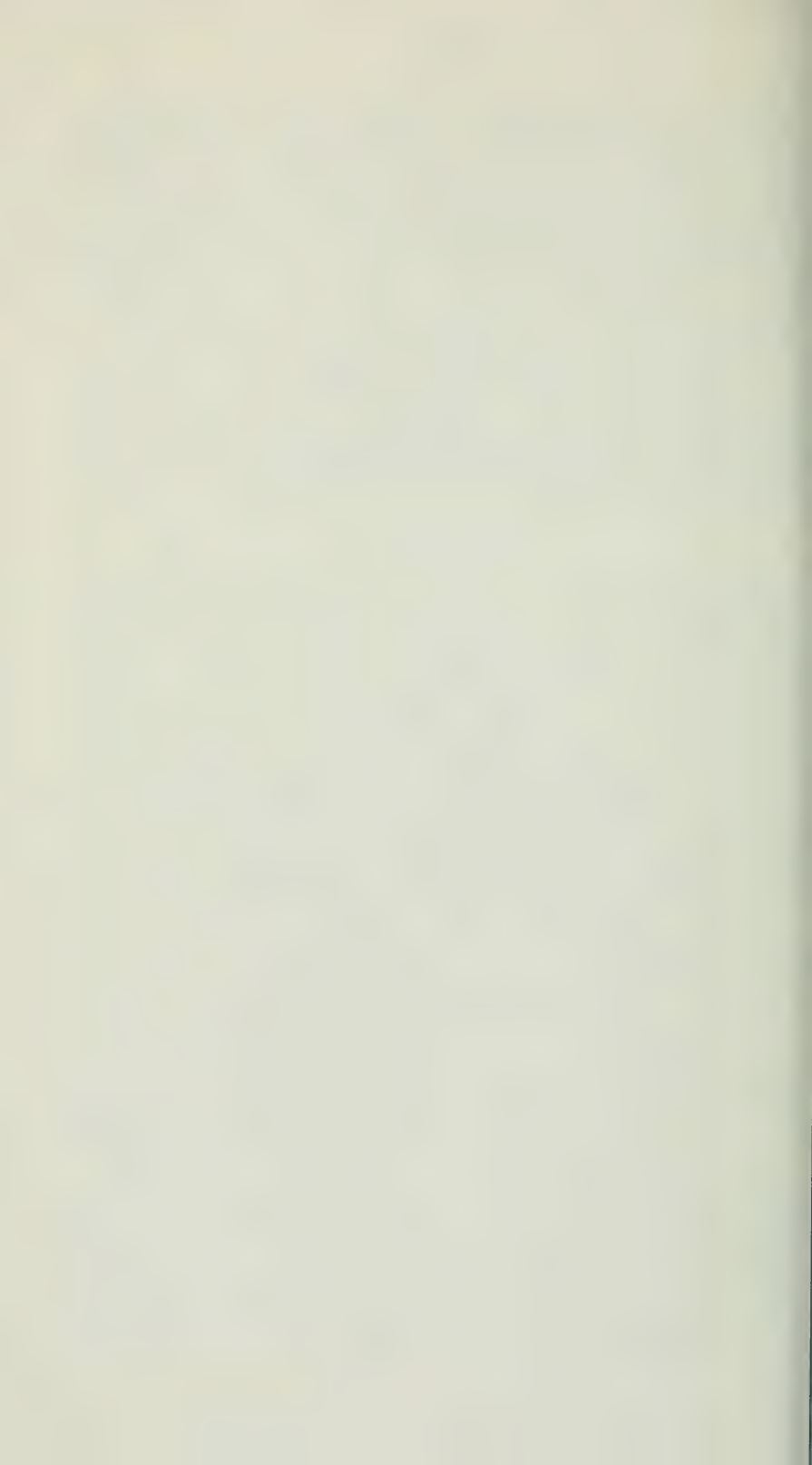
April 14, 1950.

Respectfully submitted,

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APPENDIX.

List of Prior Art Patents.

*Denotes a file wrapper reference in Ernst Patent 2,288,159

**Denotes a file wrapper reference in Ernst Patent Re. 22,740

#Denotes a file wrapper reference in Ernst Patent 2,347,474

Others were not cited by the Patent Office

<u>PATENT No.</u>	<u>NAME</u>	<u>TITLE</u>	Copy in Vol. II of Tr., <u>Page</u>
420,049	Furerste	Working Body Churn	347
435,681	Buschmann	Device for Oscillating Photographers' Developing Pans	352
* 643,102	Bates	Sacking and Weighing Machine	487
805,625	Blank	Cracker Conveyor and Distributor	398
826,988	Bradbury	Grain Separator	355
* 860,936	Norkewitz	Bottle Carrier for Bottling Establishments	444
** * 869,725	Nielsen	Package Feeding Machine	449
* 873,991	Cunningham	Unloading Mechanism	423
#** 893,516	Keeran	Sack Filling Apparatus	499
1,014,444	Broussard	Bag Filling Machine	367
#**1,025,781	Broussard	Bag Filling Machine	503
#**1,191,243	Stehlin	Bag Filling Machine	336
**1,225,586	Cowley	Selective Discharge Conveyor	459
*1,338,729	Helenbolt	Sorting Apparatus	431
#**1,352,225	Sargent	Washing Machine	556
1,369,502	True	Conveyor System	402

*Denotes a file wrapper reference in Ernst Patent 2,288,159

**Denotes a file wrapper reference in Ernst Patent Re. 22,740

#Denotes a file wrapper reference in Ernst Patent 2,347,474

Others were not cited by the Patent Office

<u>PATENT No.</u>	<u>NAME</u>	<u>TITLE</u>	<u>Copy in Vol. II of Tr., Page</u>
1,465,609	Macbeth	Conveyor for Vulcanizing Presses	408
*1,504,894	McBride	Mold Loader	467
*1,532,228	Carpenter	Deflecting Device for Con- veyor System	474
1,616,016	Wertenbruch	Bag Filling Machine	418
#**1,640,103	Williams	Sack Jigger	511
1,719,124	Naeher	Bag Filling Machine	376
1,818,427	Paisley	Apparatus for Loading Mine Cars	412
#**1,924,202	Shaler	Sack Packer	515
*1,961,478	DeBack	Sizing Apparatus	548
*2,026,200	Vosler, <i>et al.</i>	Material Handling System	478
*2,043,739	Erickson, <i>et al.</i>	Method and Apparatus for Proportioning and Mixing Fruit	435
#**2,119,174	Nicolas	Filled Bag Settling and Shap- ing Method and Apparatus	519
**2,288,159	Ernst	Sacking Device	323
#**2,234,069	Anderson	Machine for Settling and Compacting Flour in Bag	530
#**2,234,953	Belcher, <i>et al.</i>	Machine for Compacting Ma- terial in Containers	540
397,679 (British)	Belcher		383
69,746 (German)	von den Wyngaert		388
512,780 (German)	Steimel		392

No. 12323

IN THE

United States Court of Appeals

FOR THE NINTH CIRCUIT

EARL A. ERNST,

Appellant,

vs.

A. G. CLEMENS, and H. G. McBRIDE, and A. G. CLEMENS,
and H. G. McBRIDE, doing business as IDEAL MANU-
FACTURING COMPANY,

Appellee.

REPLY BRIEF FOR APPELLANT.

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FILED
MAY 10 1950

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TOPICAL INDEX

	PAGE
Discussion of chronolgy of case.....	1
Interpretation of prior patents.....	3
Trial court's basic errors.....	5
Construction of Patent No. 2,288,159.....	6
Infringement only issue	10
Infringement of Patent No. 2,288,159.....	11
Construction of Patent No. Re 22,740.....	14
Infringement of Patent No. Re 22,740.....	16
Conclusion	22

TABLE OF AUTHORITIES CITED

CASES	PAGE
Bankers Utilities Co. v. Pacific Nat'l Bank, 32 F. 2d 105.....	20
Bianchi v. Barili, 184 F. 2d 793.....	19
Eibel Process Company v. Minnesota and Ontario Paper Co., 261 U. S. 45, 43 S. Ct. 279.....	17
Engineering Development Lab. v. Radio Corp., 153 F. 2d 523....	20
Miller v. Eagle, 151 U. S. 186, 38 L. Ed. 121, 14 S. Ct. 310.....	14
Oates v. Camp, 83 F. 2d 111.....	20
Payne Furnace & Supply Co., Inc. v. Williams-Wallace Co., 117 F. 2d 823.....	4
Topliff v. Topliff, 145 U. S. 156, 36 L. Ed. 658.....	3

TEXTBOOKS

Walker on Patents (Deller's Ed.), Secs 245-247, pp. 1209-1212	17, 20
Walker on Patents (Deller's Ed.), Sec. 249, p. 1218.....	20
Walker on Patents (Deller's Ed.), Sec. 470, p. 1708.....	14

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Appellee.

REPLY BRIEF FOR APPELLANT.

Discussion of Chronology of Case.

It is interesting to note on pages 1 and 2 of the Brief for Appellees that counsel for appellees "do not find it feasible to correct inaccuracies or omissions in the discussion of the 'inventions in suit' contained in Appellant's Opening Brief (pp. 3-14)."

It would indeed not be feasible to correct any alleged inaccuracies or omissions contained in the discussion in Appellant's Opening Brief, page 3, under the heading "The Inventions in Suit," because there are no material inaccuracies or omissions in said discussion. Furthermore, said discussion of the inventions in suit in Appellant's Opening Brief is supported by Plaintiff's Exhibit 7, the photograph of the slow, but the fastest potato sacking machine in the industry, at the time Appellant and his de-

ceased brother came to Bakersfield in 1939 and invented their potato sacking machine, and said discussion is further supported by Appellant's patents in suit, by Appellant's potato sacking machines, Plaintiff's Exhibits 8, 9, and 10, and by the copying of the Appellant's inventions and infringement of his patents by the defendants-appellees.

The statement, on pages 1 and 2 of the Brief for Appellees, that appellee's chronology is supported generally by the "*uncontroverted*" testimony of J. Walker Glenn and Spencer Darby Day, is without legal significance, in view of the controlling fact that the testimony of said witnesses is "*uncorroborated*" by any documentary or any other evidence. The defendants' Exhibits A, B, C, D and E, referred to in the testimony of Spencer Darby Day, as machines of the Biloff or Sill type, are not prior art because the defendants did not start building said machines until 1946 [Tr. p. 107] after the patents in suit were issued or at least filed in the Patent Office. The F. J. Ernst patent No. 2,288,159 was filed Sept. 30, 1940 and the Ernst patent Re. 22,740 was filed originally on April 13, 1942. Appellant manufactured his machine covered by his patent No. 2,288,159 as early as 1940 [Tr. p. 91], and manufactured his automatic jigger covered by his patent Re. 22,740 as early as 1942 [Tr. p. 91], and since appellant's machines became very popular [Tr. p. 91] there is hardly any doubt that the defendants got their ideas for building their infringing machines, which appear in said Defendants' Exhibits A, B, C, D and E, from appellant's patented machines, Plaintiff's Exhibits 8, 9 and 10, rather than from the so-called Biloff or Sill machines. It is very significant that defendants have produced no documentary evidence illustrating the so-called Biloff and Sill machines

[Tr. pp. 107 and 109]. The witness Day only stated that the Defendants' Exhibits A, B, C, D and E were like the Biloff and Sill machines. It is also significant that Biloff could not obtain a patent in the potato-sacking art for his alleged machine, while the Ernst brothers did obtain patents in said art for their meritorious inventions (see Brief for Appellees p. 3).

Interpretation of Prior Patents.

The statement on page 2 of the Brief for Appellees that appellees' chronology is in several instances supported by the testimony of Plaintiff-Appellant's expert witness, Harry Gearing, is without foundation. Mr. Gearing testified as a mechanical expert from the patents in suit and the prior art patents. As for the Bradbury Grain Separator patent No. 826,988, to which Mr. Gearing testified [Tr. pp. 282 and 283] the hypothetical construction of filling the perforations of the screen 72 to form a platform, assumed by counsel for defendants to anticipate appellant's platform, cannot be considered as an anticipation of anything in appellant's patents, since the filling of the screen perforations to make a platform is not suggested in the said Bradbury patent. The applicable rule is stated in *Topliff v. Topliff* and another, 145 U. S. 156, 36 L. Ed. 658, as follows:

"It is not sufficient, in order to constitute an anticipation of a patented invention, that the device relied upon, might, by modification, be made to accomplish the function performed by that invention, if it were not designed by its maker, nor adapted, nor actually used for the performance of such function."

The Bradbury patent No. 826,988 is considered in detail in Appellant's Opening Brief, pages 62-63, and shown

to lack the essential elements of appellant's invention, as covered by his patent in suit, No. Re. 22,740, and to operate on an entirely different principle from that of appellant's sack jigger included in his said patent. The Bradbury patent shows *no jigger board* or platform on which *sacks* may be supported and *held stationary to receive potatoes*, to be jiggled by the horizontal reciprocation of the jigger board for *settling and compacting the potatoes in said sacks*. This novel concept of appellant's invention is not shown in the Bradbury patent or any other patent of the prior art set up in the answer, and consequently said prior patents are entirely foreign to appellant's invention.

It may here be noted that all of the prior patents set up in the answer are in different arts from the *potato-sacking* art in which appellant's patents are included, in view of the fact that all of said patents state that the machines disclosed therein are used for handling products other than potatoes, and there is no evidence that any of said prior patents were ever built and successfully used for sacking potatoes or anything else. The prior art patents are nothing but *paper* patents. A prior patent in *one art* is not a valid reference against a patent in *another art*, which accomplishes a *new* and useful result, like appellant's inventions, and particularly when the new result is not even suggested in the prior patent. *Topliff v. Topliff, supra*. Appellant's counsel at the trial of this case objected to the prior art patents, on the grounds that they are definitely located in different arts from the potato-sacking art, in which the patents in suit are located, but the trial judge overruled counsel's said objection [Tr. pp. 103-104].

Payne Furnace & Supply Co., Inc. v. Williams-Wallace Co., 117 F. 2d 823, 825 (C. C. A. 9).

Trial Court's Basic Errors.

On page 4 of the Brief for Appellees, a statement from the trial court's decision [Tr. pp. 18-19] is quoted, as follows:

"In a situation like the present one, we are in between a veritable Scylla and Chrybdis. If we interpret the claims as they stand, there is no infringement. If, on the other hand, by resort to the specifications, we interpret them broadly and carry into the claims the elements which are not in them, we land the device in the prior art, and there is no invention."

The above statement is nothing more than a futile attempt, by flashy rhetoric, to read out of the record the controlling facts and the law of the case. Said statement ignores the *major* contribution of appellant's inventions to the potato-sacking industry and ignores the *doctrine of equivalents*; and as for the alleged landing the appellant's device in the *prior art*, if the claims of appellant's patents are interpreted broadly, as they should be, we ask: "What prior art?" Where in the prior art is found appellant's shiftable baffle plates or shearers 52, of his Patent No. 2,288,159, arranged to be gripped *directly* by the operator standing adjacent one of the sacks alongside the machine, and moved by the operator, directly by hand, longitudinally of the conveyor belt from one sack to another, for directing the potatoes from a side edge of the conveyor belt into said sacks for filling said sacks successively with potatoes, until all of the sacks, arranged alongside the outer side edge of the conveyor belt, are filled with potatoes? And where in the prior art is found appellant's jigger board or elongated platform 22 of patent Re. 22,740, for jiggling and compacting the potatoes in the sacks supported on said platform at one side of a belt conveyor?

In every claim of every patent there is disclosed a *novel and inventive concept* of the patented invention, which concept is embodied in a *new combination* of elements, the particular construction of which elements may vary in form or construction so long as they perform their respective functions. The lower court could see only the particular elements of the combination of the claims, of the patents in suit, but could not see the *novel concept and combination of elements* of appellant's inventions, despite the uncontroverted evidence of the *new and highly useful results* accomplished by appellant's inventions. The lower court could not see the forest for the trees.

Construction of Patent No. 2,288,159.

Against appellant's patent in suit, No. 2,288,159, two prior patents were advanced as the appellees' best references, namely, Cunningham, No. 873,991, and Helenbolt No. 1,338,729 [Tr. p. 103]. Other prior patents were not advanced, because those advanced show the most. Said Cunningham and Helenbolt patents are carefully considered on pages 39-42 of Appellant's Opening Brief. It is clearly shown in said brief that neither of the machines of said two prior patents could be used for sacking potatoes. Moreover, said prior patents do not have the novel combination of elements of Claim 1 of appellant's patent in suit No. 2,288,159. And it is significant that neither of said patents, Cunningham nor Helenbolt, which counsel for defendants-appellees considered his best references, was cited against Claim 1 of said patent in suit, which is the claim sued on. Furthermore, no references or prior art were cited against said claim 1, which was claim 11 in the patent application.

In the Cunningham patent, No. 873,991, one of the appellees best references against appellant's patent No. 2,288,159, the wing-scraper blade 47 has to be *swung* on its pivot or shaft 44 by a slow, complicated mechanism, including a hand wheel 41, shaft 40, worm 42, worm gear 43 and pivot shaft 44, so that the straight rollers 36 and 37 and belt may be raised by a slow, complicated mechanism including a hand wheel 21, shaft 20, two gears 22 and 23, two racks 24 and 25 and arms 31 and 32, so that said rollers 36 and 37 may be moved over and past cone rollers 7 and 8 which are journaled in stationary uprights 2 supporting tracks 9 on which the Cunningham mechanism travels. All of the above complicated mechanism of said Cunningham patent is eliminated by appellant's simple and highly meritorious invention. The Cunningham machine was no doubt uppermost in the mind of plaintiff's expert, Harry Gearing when he stated that appellant's invention consisted in its very simplicity [Tr. p. 256]. The Cunningham patent does not disclose a baffle plate or shearer mounted to be moved along tracks *longitudinally* over a conveyor belt by the operator of the machine, from one sack to another for deflecting potatoes from said belt successively into sacks, as in appellant's sacking device covered by his patent in suit No. 2,288,159. Appellant's *potato sacking* device and the Cunningham unloading mechanism, patent No. 873,991, for handling *clay, coal* and other loose material, are entirely noncognate.

In the Helenbolt patent No. 1,338,729, appellees' other best reference against appellant's patent No. 2,288,159, the deflectors 28 do not *deflect potatoes into bags*, but deflect apples, oranges, and other fruit with tough skin onto screens for *grading* the same. If potatoes were deflected onto the screen in the Helenbolt *sorting apparatus* the deli-

cate skin of the potatoes would be bruised and scraped off and the potatoes would soon rot [Tr. pp. 58, 167 and 168]. The deflectors 28 in the Helenbolt apparatus are *not freely* mounted on tracks, so that they may be gripped *directly* by the operator of the machine at any point along the conveyor belt and moved directly by hand by the operator from one bag to another alongside said belt, as in appellant's invention covered by patent No. 2,288,159. In the Helenbolt apparatus the deflectors 28 are not gripped directly by the operator and moved by hand from one screen to another, but when it is desirable to move said deflectors from one position to another, it is necessary for the operator, if there were only one operator, to walk from the front of the apparatus around one end of the apparatus to the back of the same and turn cranks placed on the rear ends of the shafts 36 to rotate the pulleys 35 to draw the deflectors 28 along the conveyor belts 9 by means of the small belts or cables 33 and small idler pulleys 34, which belts are connected to said deflectors. (See Helenbolt patent No. 1,338,729, p. 1, second column, lines 103-110, and p. 2, first column, lines 1-37.) [Tr. pp. 166-167.] This Helenbolt machine is a *sorting* apparatus, not a potato-*sacking* machine like appellant's machine in suit. Most of the work of the Helenbolt machine is done by hand and it requires several men to operate it. Several men stand in front of the machine beside the barrels 19, and separate the culls, which are dropped into the chutes or funnels 20, while the desired grade of the fruit, such as apples, are put into the barrels 19 by hand. Another man stands in back of the machine and turns the cranks on the shafts 36 to move the deflectors 28 from one screen 16 to another. (See Helenbolt patent p. 1, first column, lines 12-28, and p. 2, lines 89-94, first column, lines 10-37.) [Tr. p.

168.] There is nothing in the Helenbolt patent that even suggests that it could be used for sacking potatoes, and the elements and construction of said machine definitely exclude the possibility of such use. Moreover, appellant's machine can be operated by *one* man only, and there is no suggestion in the Helenbolt patent that his machine could be operated by any less than two or three men at the front, and one man at the rear of the machine.

The patents to True, No. 1,369,502, Paisley, No. 1,818,427, and Vosler, No. 2,026,200, referred to on page 18 of Brief for Appellees are not included among the best references set up against Appellant's patent in suit No. 2,288,159 [Tr. p. 103]. The selected patents to Cunningham and Helenbolt have been considered in this brief. Said patents to True, Paisley and Vosler are not potato-sacking machines and offer no suggestion as to how they could be applied to such use.

Claim 1 of appellant's patent No. 2,288,159, specified "coupling means forming an acute angle with the sleeves so that the plate is positioned obliquely across the belt *for the purpose described.*" The "purpose described" appears in said patent on page 2, first column, in the paragraph in lines 19-30 as follows:

"One of the most important features of the invention will now be explained. Reference is made to the shiftable baffle plates or shearers 52 in the form of a panel having the *curved end* 53. One such shearer is provided for each passage just above the endless belts.

* * *

"* * * *The curved portion of the shearer extends far enough toward the open mouth of the sack to avoid unnecessary loss or damage to the article being sacked.*"

The curved ends 53 of the shearers 52 appear in Fig. 3 of the drawing of appellant's patent in suit No. 2,288,159 and extend outwardly over the outer edges of the conveyor belts 18 and 19 to a point just above the inner edges of the open mouths of the sacks 12, whereby the potatoes are directed by the curved ends 53 of the shearers into the mouths of said sacks, and none of the potatoes are lost or damaged by being misdirected by the shearers 52 and dropped outside of the sacks. *The curved ends 53 of appellant's shearers 52 are not found in any of the prior art patents set up in the defendants' First Amended Answer [Tr. p. 5]. Since there are no sacks supported alongside a belt conveyor in any of the prior art patents there are necessarily no curved ends of shearers extending to the open mouths of sacks for guiding the potatoes from the conveyor belts into such sacks. The curved ends 53 of appellant's shearers are embodied in the shearers of the defendants-appellees' machines as shown in Defendants' Answers to Plaintiff's Interrogatories VII and IX, Exhibits 1 and 2 [Supplemental Transcript of Record pp. 573 and 574].*

Infringement Only Issue.

While the prior art patents selected [Tr. p. 103] as best references against patent in suit No. 2,288,159 are considered somewhat in detail in this brief, it is not necessary for appellant to show that the patents in suit are valid over the prior art, because said patents are *held valid* by the lower court [Tr. pp. 17, 31 and 32]. The patents in suit being held valid, the *only issue before* this Honorable Court is the *question of infringement* of claim 1 of each of said patents, and the *gross error* of the lower court in *narrowly construing* the patents in suit, *contrary*

to law, and erroneously holding, contrary to the evidence, that the defendants-appellees' cheap-imitation machines do not infringe the claims in issue of the patents in suit.

Infringement of Patent No. 2,288,159.

Infringement, by defendants-appellees, of Claim 1 of appellant's patent in suit No. 2,288,159, is clearly shown in pages 23-33 of Appellant's Opening Brief, and also by the fact that the baffle plates or shearers of defendants-appellees' machines have the curved or bent ends 53 of the shearers 52 of appellant's said patent, as shown in Interrogatory Exhibits 1, 2 and the full view Exhibit 3 of Defendants' Answers to Plaintiff's Interrogatories. The curved or bent ends 53 of the baffle plates or shearers 52, shown in Fig. 3 of appellant's patent No. 2,288,159, are also shown clearly in *Plaintiff's* Exhibits 8 and 9, near the left end of the machine and in Plaintiff's Exhibit 11-B at the right end of the machine, and said *curved or bent ends* of the baffle plates or shearers of *appellees'* machine are shown in Defendants' Exhibits A, B, C and D. It will be noted that the baffle plates or shearers 52 in appellant's patent No. 2,288,159 extend obliquely across the conveyor belt to the *far side* of each sack 12 according to the direction of movement of the belt, and, to be operative, the ends of said baffle plates at said far side of the sacks are curved or bent backwardly to said far side of the sacks to make sure that the potatoes will be directed by the ends 53 of the baffle plate into the sacks; otherwise, if the plates were not bent and extended straightly obliquely of the belt to the far side of the sacks, many of the potatoes would be misdirected by the straight oblique plates over the far edges of the sacks and said potatoes would drop outside of the sacks and be lost or damaged. The state-

ment in Claim 1 of patent No. 2,288,159 that “the plate (52) is positioned obliquely across the belt for the *purpose described*” therefor, means that the baffle plates 52 are curved or bent at their ends 53 for the purpose of directing the potatoes from the conveyor belt into the sacks, and thereby preventing the straight oblique sides of the baffle plates 52 from misdirecting the potatoes outside of the sacks. Nowhere in the prior art is this curved or bent end 53 of appellant’s oblique baffle plate shown, but the defendants-appellees have copied it from appellant’s machines and have infringed Claim 1 of appellant’s patent No. 2,288,159, which specifies that the baffle plate (52) is positioned obliquely across the belt for the purpose described, or for the purpose of directing potatoes from the conveyor belt into sacks below a side edge of said belt.

An important test in determining the question of infringement of a patent, is *interchangeability* or noninterchangeability of *parts* of a patented machine and the parts of the alleged infringing machine. The appellant’s baffle plate or shearer 52 carried at its ends on *sleeves* and the appellees’ baffle plate or shearer carried at its ends on *trolleys*, are definitely interchangeable from the machines of one party to the machines of the other party.

Defendants’ answer to Plaintiff’s Interrogatory II states that in Form 1 of their machine the baffle plate is suspended from a *pair of rods* and that a *trolley* comprising a pair of sheaves mounted in a framework is arranged for rollable travel on each of the rods. From the framework vertically depends a suspension member, the lower end of which is bolted to the shear plate. The loose sleeves 54 and 55 on which appellant’s baffle plate or shearer 52 is mounted could be slipped on the *pair of rods* stated in De-

defendants' Answer to Plaintiff's Interrogatory II so that appellant's baffle plate could be made to slide along said rods of defendants' machine over a conveyor belt, while the appellees' trolleys on which their shear plate is mounted could be placed on the rods 56 and 57 of appellant's sacking device shown in his patent in suit No. 2,288,159.

In Defendants' Answer to Plaintiff's Interrogatory II, Form 2 of defendants' machine, it is stated that *one end* of defendants' shear plate is bolted to a suspension member of the framework of a trolley which rolls along a rod, while the *other end* of said shear plate is mounted on a sheave which rolls along the upper edge of a plate secured to the side of the machine opposite the side on which the single trolley rod is secured. This form of *appellees'* shear plate unit could be placed in appellant's sacking device with the trolley on one end of said shear plate resting upon one rod 56 and the sheave on the other end of said shear plate resting upon the other rod 57 of appellant's sacking device of patent No. 2,288,159, and appellees' shear plate could be moved along said rods in appellant's device like the loose sleeves 54 and 55 of appellant's baffle plate or shearer 52, while one sleeve on the outer end of *appellant's* baffle plate or shearer 52 could be slipped on the single rod at the outer side of *appellees'* Form 2 machine, and *appellant's* other sleeve, on the inner end of his baffle plate could be split in half longitudinally on a horizontal diametrical plane and the lower half of said sleeve removed, leaving the *under-grooved upper half* of the split sleeve on the inner end of the baffle plate or shearer 52, which upper half of said split sleeve would fit over the *upper edge of the plate* secured to the *inner* side of appellees' said Form 2 machine, shown in Plaintiff's Exhibit 11-B, and in Defendants' Exhibits A and C.

The interchangeability of the baffle plates or shearers in the machines of the parties to this suit, as above described, shows clearly that the *trolleys, or one trolley and a sheave* for supporting appellees' baffle plate or shearer are merely colorable *mechanical equivalents* of appellant's *loose sleeves* on which his baffle plate or shearer is mounted, and unmistakably establishes the fact that *defendants'-appellees' sacking machines infringe appellant's patent* in suit No. 2,288,159.

Interchangeability of parts as a test of infringement of a patent has been recognized by this Court in the case of *Bianchi v. Barili*, 184 F. 2d 793 (C. C. A. 9th Cir.).

See also:

Walker on Patents (Deller's Ed.), Sec. 470, p. 1708;

Miller v. Eagle, 151 U. S. 186, 38 L. Ed. 121, 14 S. Ct. 310.

Construction of Patent No. Re. 22,740.

Three prior patents were selected at the trial by counsel for the defendants, as the best references of the defendants against the plaintiff's patent in suit, No. Re. 22,740, which prior patents are Bradbury, No. 826,988, Naeher, No. 1,719,124, and Erickson, No. 2,043,739. Other prior patents set up against said patent in suit in the First Amended Answer to Complaint, were not selected at the trial of the case. Neither the Bradbury nor the Naeher patent are file wrapper references, nor is the Erickson patent a file wrapper reference against the patent in suit No. Re. 22,740. The Erickson *et al.* patent No. 2,043,739 appears in Paragraph VIII of the First Amended Answer to Complaint [Tr. p. 7] as a file wrapper reference against

appellant's patent in suit No. 2,288,159. Said Erickson *et al.* patent is not advanced in the Brief for Appellees against appellant's patent No. 2,288,159, but is irregularly advanced against appellant's patent No. Re. 22,740 in said brief, page 26. The Erickson patent has nothing in common with either patent in suit, because it shows no mechanism for either sacking or jiggling potatoes.

The selected Bradbury patent is carefully considered on pages 62 and 63 of Appellant's Opening Brief, and is also considered in the first part of this Reply Brief for Appellant, under the heading "Discussion of Chronology of Case." It is shown that said Bradbury patent operates on an entirely different principle from that of Appellant's Sack Jigger covered by appellant's patent No. Re. 22,740, and that said Bradbury patent could not be used for sacking potatoes.

The Naehrer patent No. 1,719,124 and the Erickson patent No. 2,043,739 are fully considered on pages 63, 64 and 65 of Appellant's Opening Brief. The Naehrer patent and the Erickson patent both operate on different principles from those of appellant's patents in suit and are not capable of functioning to sack potatoes. The Naehrer patent is for handling *grain*, not potatoes, and it has a *major vertical movement* and a minor horizontal movement. Said vertical movement in Naehrer's machine would throw the potatoes up like a jumping bean [Tr. p. 163] and they would drop upon each other and become bruised [Tr. pp. 57, 58], while appellant's jigger board has a *major horizontal movement* which causes the potatoes to slip over each other and settle and pack in the sack without bruising each other. The lower court took judicial notice of this *novel* operation of appellant's invention

[Tr. p. 163]. The Erickson patent has no jigger board with *cleats* for holding sacks *stationary* thereon against longitudinal displacement, while said sacks are being filled with *potatoes*. The Erickson patent is for mixing and proportioning fruit and the product comes out of the apparatus in *liquid* form and not in the form of *bags filled with potatoes* as in appellant's machine.

From the foregoing analysis of the best references advanced against claim 1 of appellant's patent in suit, No. Re. 22,740, it should be obvious that there is no suggestion in any of said references of appellant's invention covered by said claim of said patent, nor any element in said references that could narrow the scope of said claim of appellant's said patent, to prevent reading of said claim on the colorable equivalents of the appellees' infringing potato-sacking devices or machines, as embodied in Exhibit 3-3 of Plaintiff's Interrogatories, and admitted in Defendants' Answer to Plaintiff's Interrogatory XI, and as shown in Plaintiff's Exhibits 11-A, 11-C, 12-A, and 12-B, and in Defendants' Exhibits A, B, C, D and E.

Infringement of Patent No. Re. 22,740.

Infringement of claim 1 of appellant's patent No. Re. 22,740 is clearly set forth on pages 46-58 of Appellant's Opening Brief, and more particularly element by element on pages 47 to 53 of said brief. There is no question that claim 1 of said patent in suit reads directly on the accused machines and devices of the defendants-appellees.

Counsel for appellees in his Brief for Appellees assert with emphasis that the question of infringement is a question of *fact* and should not be disturbed unless clearly erroneous, and counsel for appellant with no less emphasis asserts that before determining the *fact* of infringement

the court first looks into art and determines whether the invention has made a substantial contribution to the art and construes the patent, either broadly or narrowly, according to the state of the art and according to the *laws* of construction of patents to determine exactly what invention is covered by the claims of the patent. The *construction* of a patent is a question of *law* which must be determined before attempting to read a patent claim on an accused machine. Appellees' counsel would have this Honorable Court apply the issue claims of the patents in suit to appellees' accused machines, like the lower court did, without first construing said claims in the light of the *shortcomings* of the prior art and in the light of the *major contribution* made by the patents in suit to the potato sacking industry [Tr. p. 55], in order to determine the scope of appellant's claims to which he is lawfully entitled.

"In administering the patent law the court first looks into the art, to find what the *real merit* of the alleged discovery or invention is, and whether it has advanced the art substantially. If it has done so, then *the court is liberal in its construction of the patent, to secure to the inventor the reward he deserves.*" *Eibel Process Company v. Minnesota and Ontario Paper Co.*, 261 U. S. 45, 63, 43 S. Ct. 279, 79 L. Ed.

Walker on Patents (Deller's Ed.), Vol. II, pages 1209-1212, Secs. 245-247.

On page 9 of Brief for Appellees appears the following statement of a rule of the Supreme Court:

"The rule requires that an Appellate Court make allowance for the advantages possessed by the Trial Court in appraising the significance of conflicting testimony and reverses only 'clearly erroneous' findings."

The above-stated rule does not apply to this Honorable Court in considering the testimony of plaintiff-appellant's patent expert Harry Gearing [Tr. pp. 202-297] whose deposition was taken in Los Angeles, California, before the trial at Fresno, California, and said deposition began on February 28, 1949, before Paul Lehnhardt, Jr., a Notary Public, and not before the District Judge, who was not present. The trial judge therefore, has no advantages over this Honorable Court in appraising the testimony of said expert witness, Harry Gearing, and this Court is not bound by any misconstruction of said witnesses' testimony either by the trial judge or counsel for appellee.

On page 14 of Brief for Appellees it is asserted without justification that the Ernst conveyor belt unloading device was at most a very *minor* contribution to a *crowded* and well developed field of endeavor. To said assertion we unqualifiedly demure. The patents set up in the First Amended Answer are in a *different art* from that of the potato sacking art and have no probative value in narrowing the scope of the claims of the patents in suit. The nearest approach to prior art is the slow machine, Plaintiff's Exhibit No. 7, which had no jigger board and could sack only 150 sacks of potatoes an hour [Tr. p. 87]. The plaintiff's expert witness, Gearing, did not say that the appellant's invention were in a *crowded* art and the defendants' witness, J. Walker Glenn, did not qualify as a patent expert [Tr. p. 103] and he testified that he had never seen the plaintiff Ernst's machine [Tr. p. 160].

Counsel for appellees advert to the file wrappers of the patents in suit, which file wrappers were not plead in the First Amended Answer. However, said file wrappers are

of no probative value in view of the fact that appellant's patents made a *major* contribution to the potato sacking art and are entitled to a liberal construction, and if, for the sake of argument only, said patents were given the narrowest construction possible they would still be broad enough to be entitled to equivalents such as the mere colorable equivalents of the defendants'-appellees' infringing machines, in which the accused baffle plates or shearers of the appellees, are interchangeable with the appellant's baffle plates or shearers, and in which the appellees' jigger mechanism for the jigger board perform the same function in substantially the same way as the *appellant's* jigger board reciprocating mechanism, the only *immaterial* difference being that in the accused machine of appellees the jigger board operating mechanism is placed at an *end* open locus and connected to one *end* of the jigger board instead of at a *central* open locus and connected to the *central* part of the jigger board as in appellant's machine, without change of function, mode of operation or result of the appellant's jigger board operating mechanism. Appellees' jigger board mechanism is nothing but a transposition of parts which does not avoid infringement.

Bianchi v. Barili, 184 F. 2d 793 (C. C. A. 9).

"It may be remarked that courts generally have been disposed to give much consideration to the fact that an applicant for practical reasons of expediency is often compelled to unduly narrow his claims while the application is pending, and in such cases *lean as far as possible in the direction of liberality* where the limitations imposed by the Patent Office appear to have been unwarranted. It may be noted that the

Court of Appeals of the Second Circuit *gives effect to limitations imposed by the Patent Office only in so far as an estoppel has been created.* Westinghouse Elec. Mfg. Co. v. Condit Elec. Mfg. Co., 194 Fed. 427 (C. C. A. 2),” and other cases cited.

Walker on Patents (Deller’s Ed.), Vol. II, Sec. 249, p. 1218.

“Any patent has some range of equivalents.”

Walker on Patents (Deller’s Ed.), Vol. II, pages 1209-1212, Secs. 245-247.

Eng. Development Lab. v. Radio Corp., 153 F. 2d 523 (C. C. A. 2) (1946);

Bankers Utilities Co. v. Pacific Nat’l Bank, 32 F. 2d 105, 107 (C. C. A. 9).

This case is on all fours with the case of *Oates v. Camp*, 83 F. 2d 111, which held:

“There can be no question but that claim 10 of the patent reads on this device. Defendant’s contention that the claim must be limited to the exact device disclosed by the specification and drawings cannot be sustained. As said by the Supreme Court in *Smith v. Snow*, 294 U. S. 1, 11, 55 S. Ct. 279, 283, 79 L. Ed. 721, these ‘show a way of using the inventor’s method, and that he conceived that particular way described was the best one. But he is not confined to that particular mode of use, since the claims of the patent, not its specifications, measure the invention.’ ”

* * * * *

“We find nothing in the prior art to render claim 10 invalid; and, while we agree that it is to be interpreted in the light of the specification and drawings, we think, as thus interpreted, it is broad enough to cover any road guard such as that of defendant comprising a sheet band maintained under longitudinal tension and attached to supports by means of offset springs so as to make use of the principle embodied in the patent.”

* * * * *

“And when the character of the invention is considered, it is clear that there is infringement of the other claims of the patent relied on, as well as of claim 10. We cannot agree with him or his experts that the patent is one for a mere improvement in a crowded art. * * * A study of these (prior) patents shows conclusively what is otherwise established by the evidence, *i. e.*, that prior to the invention of complainant, repeated efforts had been made to construct a satisfactory road guard but without success. Whether complainant’s invention be termed a pioneer or not, it unquestionably solved a problem for the solution of which others had sought in vain and made a substantial contribution to the safety of those who travel the highways. In such case, the law is well settled that he is entitled to a liberal construction of his claims and a liberal application of the doctrine of equivalents, to the end that he may not be deprived of the fruits of what he has done.”

Conclusion.

It is submitted that the judgment of the lower court should be reversed as to the question of infringement and that appellees' accused machines be held to infringe the patents in suit, and that appellant is entitled to his costs and such other and further relief as may be considered proper by this Honorable Court.

Respectfully submitted,

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No. 12,323

IN THE

United States Court of Appeals

FOR THE NINTH CIRCUIT

EARL A. ERNST,

Appellant,

vs.

A. G. CLEMENS and H. G. McBRIDE, and A. G. CLEMENS
and H. G. McBRIDE doing business as IDEAL MANUFACTURING COMPANY,

Appellees.

PETITION FOR REHEARING.

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TOPICAL INDEX.

	PAGE
Patent No. 2,288,159 excluded from this petition.....	2
Patent infringement of Reissue Patent No. 22,740 proved by plaintiff's interrogatories	2
Claim 1 of Reissue Patent No. 22,740 sued on.....	3
Comparison of elements of patent claim and accused machines....	3
Law of infringement applicable to slight changes in accused machines	4
Strong evidence of infringement of patent by accused machines..	6
Decision of District Court includes false analysis of question of infringement	7
Jigger board movement.....	8
Immaterial matters presented in appellees' brief.....	9
Character of patent in suit.....	9
Primary or secondary patent.....	10
Paper patents set up against patent in suit.....	11
No defense established as to scope of patent in suit.....	11
Detailed consideration of District Judge's false analysis of question of infringement.....	13
Infringement of patent in suit, Reissue No. 22,740, by defen- dants-appellees conclusively proved.....	15
Working models	16
Conclusion	16

TABLE OF AUTHORITIES CITED.

CASES	PAGE
Angelus Sanitary Can Mach. Co., et al. v. Wilson, et al., 7 F. 2d 314	5
Bianchi v. Barili, 184 F. 2d 793.....	6, 15
Eibel Process Co. v. Minnesota and Ontario Paper Co., 261 U. S. 45, 43 S. Ct. 279, 79 L. Ed.	9
Florence-Mayo Nuway Co. v. Hardy, 168 F. 2d 778.....	5
Johnson v. Phila., 96 F. 2d 442.....	4
Kellogg Switchboard & Supply Co. v. Michigan Bell Tel. Co., 99 F. 2d 207; cert. den., 308 U. S. 582, 84 L. Ed. 488.....	13
Kings County Raisin & Fruit Co., et al. v. United States Consol. Seeded Raisin Co., 182 Fed. 59.....	5, 15
Machine Co. v. Murphy, 97 U. S. 120.....	5
Pointer v. Six Wheel Corporation, 177 F. 2d 153.....	11
Stubnitz-Green v. Fort Pitt, 110 F. 2d 192.....	5
Topliff v. Topliff, et al., 145 U. S. 156, 36 L. Ed. 658.....	13
Western Elec. Co. v. La Rue, 139 U. S. 601, 11 S. Ct. 670, 35 L. Ed. 294.....	5
Wire Tire Mach. Co. v. Pacific, 102 F. 2d 543.....	8

TEXTBOOKS

2 Walker on Patents (Deller's Ed.), Secs. 245-247, pp. 1209-1212	9
3 Walker on Patents (Deller's Ed.), Sec. 457, p. 1690.....	5
3 Walker on Patents (Deller's Ed.), Sec. 462, pp. 1698, 1699..	4

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Appellees.

PETITION FOR REHEARING.

*To the Honorable, the Judges of the United States Court
of Appeals for the Ninth Circuit:*

Comes now the appellant and petitions this Honorable Court for a rehearing of this appeal, upon the grounds hereinafter set forth.

Appellant conscientiously believes that this Honorable Court, in its opinion, filed November 9, 1950, affirming the judgment the lower court labored under misapprehensions of fact and law and unwittingly failed to consider the most vital evidence and the controlling facts of the case, which facts when the applicable patent law is correctly applied thereto, must necessarily compel a reversal of said judgment of the lower court.

A grave injustice has been done to Plaintiff-Appellant, Earl A. Ernst, by the ill-considered judgment of the District Court, and the unwitting affirmance of that judgment by this Honorable Court, which judgment, holding Claim 1 of Letters Patent in suit, Reissue No. 22,740, of Plaintiff-Appellant, not infringed by the crude imitation Sack Jigger machines of Defendants-Appellees, as particularly shown in Plaintiff's Interrogatory Exhibits 3-3, which particular machines were not even considered or ruled on in the decision of the trial judge.

Patent No. 2,288,159 Excluded From This Petition.

This petition for rehearing has been materially shortened by excluding therefrom consideration of appellant's Letters Patent in suit, No. 2,288,159, June 30, 1942, for sacking device, and restricting this petition to appellant's Letters Patent, Reissue No. 22,740, April 2, 1946, for Sack Jigger. Appellant, however, in eliminating his said Letters Patent No. 2,288,159, from this petition, waives no rights which he may have under said letters patent.

Patent Infringement of Reissue Patent No. 22,740 Proved by Plaintiff's Interrogatories.

Plaintiff's-Appellant's suit for infringement of his Patent Reissue No. 22,740, for Sack Jigger, was based and tried upon, and proved by the Defendant's-Appellees' Answers to Plaintiff's Interrogatories IV, VI and XI, which interrogatories were directed to the form of Defendant's-Appellees' Sack Jigger shown in the photographs, Plaintiff's Interrogatory Exhibits 3-3. Defendant's-Appellees' Answer to Plaintiff's Interrogatory XI definitely admits that Defendants-Appellees have made and sold an apparatus as illustrated in said two photographs, Plaintiff's Interrogatory Exhibits 3-3, prior to the filing of Plaintiff's-Appellant's suit.

Claim 1 of Reissue Patent No. 22,740 Sued on.

Claim 1 of Patent Reissue No. 22,740, which claim is sued on, is reproduced here below, with the reference numerals of the specification of the patent, designating the elements, respectively, of said claim, appearing in said claim after each element therein, as follows:

“1. In a device for shaking containers and the like (34) to settle the contents thereof, a frame work (1 to 11 inclusive) a platform (22) for supporting a plurality of containers, (34) hinge means (23) supporting the platform from the framework, vibratory means (58) connected to the platform for shaking it and the containers supported thereby, said means including a pitman (59) adjacent the platform, coupling means (60) connecting the pitman with a portion of the platform, and rotary means (56) attached to the pitman for reciprocating it, said platform including an elongated surface (22') with container stations (28) from the ends thereof to a central open locus (1), said vibratory means (58) having its connection (60) with the platform at this central locus (1).”

Comparison of Elements of Patent Claim and Accused Machines.

Every element of the Plaintiff's-Appellant's above stated Claim 1 of his Patent in Suit, Reissue No. 22,740, is found in Defendants'-Appellants' accused machines shown particular in Plaintiff's Interrogatory Exhibits 3-3, with only two slight immaterial changes, to wit: (a) the cutting of Defendants'-Appellees' platform or jigger board (22) into *two* sections instead of making the same in *one* continuous board like Plaintiff's-Appellant's platform or jigger board (22) and (b) the use of *two* bars or pitmans (59), in-

stead of using only *one* bar or pitman (59) as in Plaintiff's-Appellant's patent. Such slight changes of form amount to nothing more than a distinction without a *legal* difference, or the difference between tweedledum and tweedledee, since the Defendants'-Applees' platform or jiggerboard (22) made in *two* sections, and their *two* bars or pitmans (59) perform the *same function* and accomplish the *same result*, respectively, as Plaintiff's-Appellant's platform or jigger board (22) made in *one* continuous board, and his single or *one* bar or pitman (59). All of the remaining elements 34, 1 to 11, 23, 58, 60, 56, 22' and 28 of Claim 1 of the patent now in suit and in the Defendants'-Appellants' accused machine as shown in Plaintiff's-Appellant's Interrogatory Exhibits 3-3, are identical. Defendants-Appellees have only changed the *form*, and have *taken the substance* of the Plaintiff's-Appellant's invention, as embodied in Claim 1 of his patent in suit Reissue No. 22,740, and such reprehensible conduct constitutes a wilful and wanton infringement of said patent in suit by Defendants-Appellees.

Law of Infringement Applicable to Slight Changes in Accused Machines.

"An infringement is not averted * * * by separation of *one* integral part into *two*, the parts doing substantially what was done by the single part."

Walker on Patents, Vol. III (Deller's Ed), pp. 1698-1699, Sec. 462.

"Reissue patent No. 18,841, claim 2, relating to Croquignole style of hair waving, was infringed, notwithstanding use of *one* clamp for *two* clamps disclosed in claim, and use of *spring* to prevent hair from unwinding during heating instead of *metallic flexible retainer* disclosed in claim."

Johnson v. Philad., 96 F. 2d 442 (C. C. A. 9).

“Infringement is not avoided by dividing an *integral element* of the patented machine into *two or more* distinct parts, so long as the function and operation remain substantially the same.”

Kings County Raisin & Fruit Co. et al. v. United States Consol. Seeded Raisin Co., 182 Fed. 59 (C. C. A. 9);

Angelus Sanitary Can Mach. Co. et al. v. Wilson et al., 7 F. 2d 314-319 (C. C. A. 9th Cir.).

The slight changes of *form* of Defendants'-Appellees' machine, Plaintiff's Interrogatory Exhibits 3-3, without changing the *function, operation, results or substance* of Plaintiff's-Appellant's invention, as covered by Claim 1 of his Patent, Reissue No. 22,740, do not avoid infringement of said claim of Plaintiff's-Appellant's said patent.

“Mere change of form, which contain all elements of patent claim, are infringements of the patent.”

Walker on Patents, Vol. III (Deller's Ed.), page 1690, Sec. 457.

“Change of *form* without change of *function* does not avoid infringement.”

Machine Co. v. Murphy, 97 U. S. 120.

“The patentee having described his invention and shown its principles, and claimed it in that *form* which most perfectly embodies it, is in contemplation of law, deemed to *claim every form* in which his invention may be copied, unless he manifests an intention to disclaim some of those forms.”

Western Electric Co. v. La Rue, 139 U. S. 601, 606, 11 S. Ct. 670, 35 L. Ed. 294.

“Where alleged infringing devices embody the heart of the patented invention, minor differences will not avoid infringement.”

Florence-Mayo Nuway Co. v. Hardy, 168 F. 2d 778 (C. C. A. 4) (1948);

Stubnitz-Green v. Fort Pitt, 110 F. 2d 192 (C. C. A. 6) (1940).

Strong Evidence of Infringement of Patent by Accused Machines.

“To constitute ‘infringement’ it is unnecessary to demonstrate substantial identity between machines to a mathematical certainty, but ‘*infringement*’ connotes *correspondence as to the substantial dominant and essential elements.*”

Bianchi v. Barili, 184 F. 2d 793 (C. C. A. 9th Cir.).

From a fair comparison of the elements of Defendants'-Appellees' machine, Plaintiff's Interrogatory Exhibit No. 3-3, with the elements of Claim 1 of the patent in suit, Reissue No. 22,740, there will definitely be found *a clear correspondence of the substantial, dominant and essential elements* of said accused machine of Defendants'-Appellees, to the same elements of Claim 1 of said reissue patent in suit, which *correspondence connotes infringement* of said claim of said reissue patent by Defendants'-Appellees. A careful comparison, *element by element*, of the elements of Defendants'-Appellees' said machine [Int. Ex. 3-3] with the elements of Claim 1 of said patent, Reissue No. 22,740, is found on pages 47 to 53, inclusive of Appellant's Opening Brief, which it is hoped this Honorable Court of Appeals will find time to read in the light of this petition.

Plaintiff's expert Harry Gearing gave no testimony concerning the question of infringement of Claim 1 of the patent in suit now before this Honorable Court, Reissue No. 22,740. [Tr. 202-297.]

Defendants' expert, J. Walker Glenn, did not testify as to infringement of the patent in suit Reissue No. 22,740 by Defendants'-Appellees' machine, as shown in Plaintiff's Interrogatory Exhibit 3-3, or any other machine of Defendants'-Appellees. [Tr. 117-195.]

Plaintiff-Appellant, Earl A. Ernst, testified positively and at length that Defendants'-Appellees' accused machine, Plaintiff's Interrogatory *Exhibits No. 3-3 and other machines infringed* Claim 1 of his Patent, Reissue No. 22,740. [Tr. 57-90, and particularly *on cross-examination* pp. 77, 79 and 87.]

Defendants-Appellees admitted infringement of Claim 1 of patent in suit, Reissue No. 22,740, in their answers to Plaintiff's Interrogatories IV, VI and XI, by admitting that "the defendants have made and sold an apparatus as illustrated therein" [Interrogatory Exhibits 3-3].

The foregoing analysis of the evidence definitely establishes the fact that there was *no evidence produced by Defendants-Appellees or otherwise, which supports any finding of fact that Defendants-Appellees have not infringed* Claim 1 of the patent in suit Reissue No. 22,740, while the *testimony of Earl A. Ernst [Tr. 79 and 85] and the documentary evidence, Answers to Plaintiff's Interrogatories IV, VI and XI, and Exhibits 3-3, clearly prove by a preponderance of evidence that Defendants'-Appellees' machine, particularly shown in said Interrogatory Exhibits 3-3 definitely infringe Claim 1 of the patent in suit* Reissue No. 22,740.

Decision of District Court Includes False Analysis of Question of Infringement.

In the decision of the lower court the District Judge made no comment wherever, on the question of infringement of Claim 1 of the patent in suit, Reissue No. 22,740, *by the Defendants'-Appellees' machine, Plaintiff's Interrogatory Exhibits 3-3, the most vital evidence of infringement in the whole case, but made a crude and grossly incorrect analysis of Plaintiff's Exhibit 11C, contrary to the*

evidence, and erroneously held generally on the basis of said *false analysis* of said Exhibit 11C, that none of the machines of Defendants-Appellees, including said Interrogatory Exhibits 3-3, infringed Claim 1 of the patent in suit, Reissue No. 22,740. The accused machine, Plaintiff's Interrogatory *Exhibits No. 3-3* is a *different machine* from that of the accused machine, Plaintiff's *Exhibit 11C*, and consequently no ruling of the court, that said last named machine [Ex. 11C] *does not* infringe Claim 1 of the patent now in suit, Reissue No. 22,740, could automatically prove that Defendants'-Appellees' machine, Plaintiff's Interrogatory *Exhibit 3-3*, likewise, *does not* infringe said claim of said patent, any more than one particular accused *device*, which might infringe one claim of a patent, would necessarily and automatically infringe all or any other claims of the patent, since each claim of a patent covers a *different* invention.

Wire Tire Mach. Co. v. Pacific, 102 F. 2d 543,
C. C. A. 9 (1939).

Jigger Board Movement.

The particular movement of the jigger board or platform 22 of Plaintiff's-Appellant's machine is very important. We did not have time to go into this feature of appellant's invention although the Court at the hearing of the appeal showed an interest in the same. The movement of the jigger board is a back and forth *horizontal* reciprocating movement of *2 inches* and a slight up and down *1/16 of an inch vertical* movement. The movement of the jigger board is accomplished by *hinge means* specified in the patent claim and shown in the patent drawing as hanger straps or links 23, and as shown in Interrogatory Exhibit 3-3 of the accused machine. Chains are also used instead of said straps 23. The jigger board move-

ment is shown in the diagram print, Plaintiff's Exhibit 13. Appellant's jigger board movement is not shown in the prior art, but is shown in every one of the Appellee's machines. Testimony concerning appellant's jigger board movement is found in Tr. 57, 58, 66, 92 and 100.

Immaterial Matters Presented in Appellees' Brief.

On pages 22-25 of the Brief for Appellees, under the heading, "*B. Claim 1 of Reissue Patent No. 22,740 Is Clearly Not Infringed by the Defendants,*" several irrelevant and immaterial matters are misdirected against the patent in suit in a feeble attempt to show that there is no infringement by Defendants-Appellees of the patent in suit, Reissue No. 22,740, despite the fact that every element of Claim 1 of said patent finds its analogue in the machines of the Defendants-Appellees, and particularly in the machine shown in Plaintiff's Interrogatory Exhibits No. 3-3, Plaintiff's Exhibit No. 11C, and other machines. Said matters argued under said heading on pages 22-25 of appellees' brief relate, either to matters which are irrelevant or immaterial, or to the *validity* of the patent in suit, which has been held *valid*.

Character of Patent in Suit.

When a patent is held valid, the court, in determining the question of infringement, first determines whether the patent is a primary or a secondary patent. If *primary* the court gives the patent a liberal construction to secure to the inventor the reward to which he is entitled.

Walker on Patents (Deller's Ed.), Vol. II, pp. 1209-1212, Secs. 245-247;

Eibel Process Co. v. Minnesota and Ontario Paper Co., 261 U. S. 45, 63, 43 S. Ct. 279, 79 L. Ed.

Primary or Secondary Patent.

We have contended and still contend that the appellant's patent, Reissue No. 22,740, is a *primary* patent, because: (1) it brought into the art for the first time the *jigger board* for settling and packing *potatoes* and the like in sacks; (2) it was the *first machine which automatically jiggled* the potatoes for settling and packing the same in sacks, in other words it was the first *automatic jigger* in the potato-sacking art; (3) *it performed a new and useful function never before performed in automatically jiggling potatoes and the like to settle and pack the potatoes* in sacks, which function of jiggling potatoes for sacking the same *had been done only by hand* before the advent of the Plaintiff's-Appellant's invention. Moreover, Plaintiff's-Appellant's *automatic* sack jigger increased the output of the only potato sacking machine [Plaintiff's Exhibit 7] in use at the time from 150 filled sacks per hour, to from 500 to 600 filled sacks per hour, and thereby revolutionized the potato-sacking industry [Tr. 53-55].

However, since every element of Claim 1 of the patent in suit is found in the machine of Defendants'-Appellees, Plaintiff's Interrogatory Exhibit 3-3, and *performs the same function in substantially the same way*, as the corresponding element, in said claim of said patent, it is immaterial whether the patent in suit is a *primary* or a *secondary* patent, since—

“Any patent has some range of equivalents, unless form is made the indispensable thing, and the rule is especially applicable where an infringer takes the whole gist of the invention (Frick Co. v. Lindsay, 27 F. (2d) 59, 62, C.C.A. 4 (1928); see also Skelton v. Baldwin Tool Works, 58 F. (2d) 221, 224, C.C.A. 4 (1932). Where an invention marks a substantial advance in the art, the patent is given a reasonably

liberal construction so as to secure to inventors the rewards to which they are entitled. (The Portland Telegram v. New England Fibre Blanket Co., 38 F. (2d) 280, C.C.A. 9 (1930); Walker on Patents (Deller's Ed.), Vol. II, p. 1212, Sec. 247."

Paper Patents Set Up Against Patent in Suit.

All of the prior art patents set up in Paragraph XIII of the First Amended Answer to Complaint against the *validity* of Patent Reissue No. 22,740 are nothing more than *paper* patents, since there is no evidence whatever that any of the machines disclosed in any of said prior patents was ever built and operated, and there is nothing in any of said patents to show that they could be used for sacking *potatoes*, yet the Defendants-Appellees have the effrontery to contend that Plaintiff's-Appellant's invention is in a *crowded* art.

Pointer v. Six Wheel Corporation, 177 F. 2d 153 at p. 161 (C.C.A. 9).

No Defense Established as to Scope of Patent in Suit.

In the defendants' Amended Answer Paragraphs XIII to XIX, contain the only defenses set up against the patent in suit, Reissue No. 22,740, and said defenses are directed only to the defense of *invalidity*, with variations, which defenses were not sustained, because the lower court held said reissue patent *valid*, and said defenses of invalidity have gone a glimmering. The Defendants' Amended Answer failed to set up any other defense and particularly any defense that any valid or legally effective prior art approached the invention in suit to such an extent as to *narrow the scope* of Claim 1 of the reissue patent in suit, No. 22,740, sufficiently to prevent Claim 1 of said patent from reading

letter perfect on the accused machines of the Defendants'-Appellees'; yet counsel for the Defendants-Appellees have padded their Findings and Conclusions on a false defense concerning *the scope* of the patent in suit with nothing in their pleading or evidence to support it. Such defense concerning the scope of the patent in suit was not, and is not now available to Defendants-Appellees, and the Conclusions of Law and the Judgment of the Court based upon such an unsupported defense are grossly irregular and a nullity. Not even the file wrapper of the patent in suit was pleaded by the defendants, and it had to be pleaded to be available at the trial. Counsel for Defendants-Appellees falsely assert that because the Plaintiff-Appellant appealed a claim in his application for his patent in suit, in the Patent Office and lost the appeal, that the rejection of said claim by the Patent Office, which claim was not broader than Claim 1 in this suit, as counsel wrongly asserts, narrows the scope of said Claim 1. Such assertions are *a reductio ad absurdum*, because the *appealed* claim covered an entirely *different combination* of elements and a *different invention* from that of Claim 1 of the patent in suit, and the rejection of the appealed claim by the Patent Office has no effect whatever on Claim 1 in suit. Incidentally said Claim 1 of Patent Reissue No. 22,740 in suit was never amended and is exactly the same as it was filed in the original patent No. 2,347,474, of which the patent in suit is a reissue. Counsel for Defendants-Appellees failed to establish any evidence of any probative value by asking Plaintiff's-Appellant's expert Gearing, if, by reason of his hindsight, he could reconstruct the prior *paper* patents, set up in the Amended Answer, and produce the *invention* in suit. Any so-called admissions of an expert in answer to such absurd hypothetical questions would be too speculative to rise to the dignity of legal evidence and proof.

Such practice of reconstruction of an invention in suit from prior art has been condemned by the Supreme Court in *Topliff v. Topliff et al.*, 145 U. S. 156, 36 L. Ed. 658, and by *Kellogg Switchboard & Supply Co. v. Michigan Bell Tel. Co.*, 99 F. 2d 207, C. C. A. 6 (1938), cert. den. 308 U. S. 582, 84 L. Ed. 488 (1939).

Detailed Consideration of District Judge's False Analysis of Question of Infringement.

The District Judge in his decision [Tr. 17, 20] made an incorrect analysis of three "Elements" of the patent in suit, Reissue No. 22,740, as follows:

"Element 1: Instead of Pitman adjacent the platform, we find a cross bar [Exhibit 11c]."

According to Element 1 of his analysis the District Judge finds *no pitman* "adjacent" the platform, but finds a "*cross bar*" instead. Said finding is contrary to the evidence. [See testimony of Ernst Tr. 77-79 and testimony of Glenn Tr. 155-156.] The term "adjacent" in the patent in suit, Reissue No. 22,740 does not necessarily mean "resting against," as the District Judge would strictly misconstrue said term, but would also mean "near" or "spaced from" the platform at a suitable distance for connection of the pitman to the platform, so that the pitman, when reciprocated by the jigger of the machine, will in turn reciprocate, or jigger the platform and the bags of potatoes on said platform. In the patent in suit, Reissue No. 22,740, Fig. 1, the pitman 59 is shown spaced a short distance *above* the platform 22, while in Plaintiff's Exhibit 11c, and in Exhibit 13 (blue print), which shows the same machine as said Exhibit 11c, the pitman is shown spaced *horizontally* along the inner side edge of the platform, the pitman, in the form of a long channel beam extending

longitudinally of the machine being indicated (1) and the platform being indicated (3) in said Exhibit 13 (blue print). The "cross bar" referred to in the District Judge's analysis, "Element 1", is the cross member at the left end at the lower part of the machine, and is not, and does not function as a pitman, but is merely *a connection between the outer end of the pitman (1) and the platform*, which connection is indicated 60 in Fig. 1 of the patent in suit and is indicated 2 in Paintiff's Exhibit 13 (blue print).

"Element 2: Instead of a central open locus, the accused device shows a board, not at center [Exhibit 11a]."

This Element 2 of the District Judge's analysis is grossly incorrect. The accused machine, Exhibit 11a, definitely has a central open locus, which is the open space in the center of the frame between the ends of the frame of the machine and in which the gears and chains of the operating mechanism of the machine are located in said Exhibit 11a. The central open locus is the central open frame unit indicated 1, appearing in the specification, first page, second column and lines 1 and 2, and indicated 1 in Fig. 1 of the drawing of the patent in suit, Reissue No. 22,740. Said central open locus is also shown in Exhibit 13 (blue print) where the rotary means (6) attached to the inner end of the pitman (1) is located opposite the board (5) referred to in Element 2 of the District Judge's analysis, as "not at center," but which in fact *is* at center of the machine.

"Element 3: A rigid connection takes the place of one long board (The jigger connection is at the end of the machine)."

The “rigid connection” referred to in Element 3 is evidently the “board not at center” referred to under Element 2. Said rigid connection is for connecting the inner ends of two sections of a platform or jigger board cut in half, so that the said platform or board are made in *three* pieces instead of *one* as shown in the patent in suit, but infringement of a patent is not avoided by making an element in *two or more* pieces instead of *one*.

Kings County Raisin & Fruit Co. et al. v. United States Consol. Seeded Raisin Co., supra.

The fact that the jigger connection is at the end instead of at the center of the machine does not avoid infringement of a patent, because this would be merely a change of position of parts.

Bianchi v. Barili, supra.

Infringement of Patent in Suit, Reissue No. 22,740, by Defendants-Appellees Conclusively Proved.

In the last analysis of the infringement of Claim 1 of the patent in suit, Reissue No. 22,740, we again bring to the attention of this Honorable Court, that every element of said claim of said patent finds its analogue in the Defendants'-Appellees' machine, Plaintiff's Interrogatory Exhibits 3-3. This was all Plaintiff-Appellant had to show to prove infringement of Claim 1 of the patent in suit, Reissue 22,740.

A duplicate of each of the Interrogatory Exhibits 3-3, and Plaintiff's Exhibit 11c, with the reference numerals of the specification and Claim 1 of the patent in suit applied to corresponding parts of said duplicate exhibits is being forwarded to the Clerk of the Court. The numeral 22' (not in the patent), is applied to the elongated surface with

container stations 28 of the platform 22, and the numeral (1) of Plaintiff's Exhibit 13 is shown applied to the pitman of Plaintiff's Exhibit 11c as well as the numeral 59 of the patent in suit. The corresponding elements of the patent claim and the accused machine, Plaintiff's Interrogatory Exhibits 3-3, are thus positively identified by said reference numerals. Infringement of Claim 1 of the patent in suit, Reissue No. 22,740, by the accused machine of Defendants-Appellees, shown in Plaintiff's Interrogatory Exhibits No. 3-3, is thus fully established by positive and conclusive proof, and the *Findings of Fact, Conclusions of Law, Decision of Lower Court and the Judgment herein are not supported by the evidence*, and are irregular and contrary to law.

Working Models.

It being realized by counsel for the petitioner, that actual machines or working models thereof may be more easily and correctly understood than drawings and descriptions of the same, counsel for petitioner have arranged to produce and demonstrate working models of the machines of both parties to this litigation, at a rehearing of this appeal, if such rehearing is granted by this Honorable Court, so that the Court may see said machines in operation in order to make a true comparison of the same.

Conclusion.

It appearing in this petition that the Defendants-Appellees failed to offer any evidence of lack of infringement of their Sack Jigger machines, as shown in Plaintiff's Interrogatory Exhibit 3-3, and other exhibits; and it appearing that the District Judge failed to consider Plaintiff's-Appellant's *preponderance of evidence of infringement* of

Claim I of his patent in suit, Reissue No. 22,740, by the accused machines shown in said Interrogatory Exhibits 3-3, and other exhibits; and it further appearing that the evidence fails to support the Findings of Fact and the Judgment, as to lack of infringement of Defendants-Appellees, by their accused machines, of Claim 1 of the patent in suit, Reissue No. 22,740:

It is submitted that petitioner is entitled to a rehearing of his appeal, to the end that the Judgment of the District Court be reversed, as to the question of infringement of Claim 1 of the Patent in Suit, Reissue No. 22,740, and that justice be done in the premises.

Respectfully submitted,

ALAN FRANKLIN,

Attorney for Appellant and Petitioner.

J. CALVIN BROWN,
Of Counsel.

Certificate of Counsel.

I hereby certify that I am one of the counsel for the appellant and petitioner, and that in my judgment the foregoing petition for rehearing is well founded and that it is not interposed for delay.

ALAN FRANKLIN.

No. 12331

United States
Court of Appeals
For the Ninth Circuit.

CHARLES I. ROSIN,

Appellant,

vs.

J. P. HART, Trustee in Bankruptcy of the Estates
of International Mining & Milling Co., debtor
and Mount Gaines Mining Company, debtor,
and Securities and Exchange Commission,

Appellees.

Appendix To Brief of Appellant

Appeal from the United States District Court,
for the District of Nevada.

FILED
JUL 14 1939
PAUL P. O'BRIEN, JR.
CLERK

No. 12331

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CHARLES I. ROSIN,

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Appendix To Brief of Appellant

**Appeal from the United States District Court,
for the District of Nevada.**

INDEX

[Clerk's Note: When deemed likely to be of an important nature, errors or doubtful matters appearing in the original certified record are printed literally in *italic*; and, likewise, cancelled matter appearing in the original certified record is printed and cancelled herein accordingly. When possible, an omission from the text is indicated by printing in *italic* the two words between which the omission seems to occur.]

	PAGE
Certificate of Clerk.....	90
Exhibits, Rosin	
No. 1—Order Appointing Trustees Pursu- ant to Stipulation.....	26
2—Letter Dated May 25, 1938.....	33
3—Order	34
Findings of Fact, Conclusions of Law and Or- der on Application for Compensation.....	36
Conclusions of Law.....	87
Order on Application for Compensation..	89
Minute Order Dated August 15, 1949.....	93
Names and Addresses of Attorneys.....	1
Order Allowing Appeal.....	93
Petition for Allowance of Fees to Attorney for State Trustees.....	2
Request for and Designation of Record to Be Printed	97

INDEX	PAGE
Statement of Points to Be Urged on Appeal...	95
Supplement to Petition for Allowance of Fees to Attorney for State Trustees.....	23
Exhibit A—Letter dated February 17, 1949	24

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In the District Court of the United States
for the District of Nevada

No. A 34 A

In the Matter of
INTERNATIONAL MINING & MILLING COM-
PANY, a corporation.

No. A 35 A

In the Matter of
MOUNT GAINES MINING COMPANY, a cor-
poration.

PETITION FOR ALLOWANCE OF FEES TO
ATTORNEY FOR STATE TRUSTEES

Chas. I. Rosin respectfully petitions this Court to fix and allow his fee as attorney for the Trustees, acting under the jurisdiction of the Superior Court of the State of California in and for the County of Mariposa, being action No. 1646 therein, and being a prior proceeding of the same subject matter as in this proceeding.

Petitioner is an Attorney-at-law, licensed to practice in all of the Courts of the State of California, and in the District Court of the United States, and has been at all times herein mentioned.

That ever since the appointment of the Trustees by the Superior Court of California, as hereinafter stated, he has been the attorney for said Trustees, acting under the jurisdiction of said Court and has

never been discharged as such and still is such attorney.

That on and before May 9, 1938, there was pending in the said Superior Court of the State of California, in and for the County of Mariposa, an action entitled Andrew N. Logie et al, Plaintiffs, vs. Mount Gaines Mining Co., a corporation, et al, and being action No. 1646.

That on May 6, 1938, he appeared as one of the attorneys on behalf of the defendant corporations, in the trial of the said action and at said time it was suggested by the Hon. J. J. Trabucco, Judge of the said Court, that in view of the conflict between the two factions and two contending Boards of Directors of the corporations involved, that it would be most advisable that Trustees be appointed to take over from the then present management of the corporations, the affairs thereof, and further suggested that the attorneys in the action attempt to agree on an order of appointment for said Trustees and the naming of the Trustees. That the said suggestion of the Court was on a Friday, May 6th, 1938, and the matter was continued until the following Monday, May 9th, 1938, for the purpose of attempting such agreement. That he remained at Mariposa and in and about the Court House during such week and worked consistently over the said week and with C. F. Humphrey, an attorney of San Francisco, and the head and mainspring of the plaintiffs and of one of the Boards of Directors of the corporations involved, in an effort to formu-

late an agreement under which an Order of Appointment of Trustees would be made, the petitioner herein, acting on behalf of the defendant corporations and the said C. F. Humphrey on behalf of the plaintiffs. That by reason of the consistent efforts on behalf of the petitioner, an agreement was reached and signed with the said C. F. Humphrey, which is the agreement upon which the Order of Appointment of Trustees was made at the time the Court resumed on the following Monday, May 9th, 1938, at which time the other attorneys in the action appeared in Court and joined in the said agreement. That at that time the said C. F. Humphrey was in charge of the affairs of the corporations and its funds and was lavishly expending money on the account of the corporations for causes, which, in the opinion of the petitioner, were not proper charges against the corporations, and the appointment of the said Trustees took the affairs of the corporations out of the hands of the said C. F. Humphrey and stopped the flow of moneys from the corporation under the direction of said C. F. Humphrey. That at said time, there being no Trustees yet appointed, petitioner does not contend that he is entitled to fees as attorney for Trustees for such services, they being on behalf of the corporations directly, and the petitioner has filed no separate claim for himself as attorney for the corporations in the said action above mentioned, he asks that the services so rendered by him be considered in support of the good faith and diligence shown by him throughout his capacity as attorney for the Trustees.

Another matter in which petitioner rendered service to the corporations before his appointment as attorney for the Trustees, is at a stockholder meeting of the International Mining & Milling Co. held at Las Vegas, Nevada, on January 18, 1938. At said stockholder's meeting upon a counting of the ballots, Mr. C. F. Humphrey learned that he held an insufficient number of proxies to control the meeting. In order to retain his grasp on the affairs of the corporation, he caused an affidavit to be prepared, which he presented to the Superior Court Judge at Las Vegas, Nevada, as a basis for an order ex-parte, denying Mr. A. G. Ulsing the right to vote his stock at said meeting, which order was then issued and immediately served on the said A. G. Ilsing. Believing that it would be unjust to proceed with the election at said meeting before termination of the right of the said A. G. Ilsing to vote the said stock, the petitioner, who was present at said meeting in Las Vegas, immediately prepared a further affidavit, which was presented to the Court, upon which the Court made a further order restraining the holding of the said stockholder's meeting until a determination of the ex-parte order, wherein A. G. Ilsing was denied the right to vote his stock. By such action on the part of the petitioner, C. F. Humphrey was prevented from obtaining legal control of the Board of Directors at said meeting. Petitioner has not been compensated by anyone for any of the services above mentioned and the same is stated to familiarize the

Court with some of the services rendered by him on behalf of the welfare of the corporations before his appointment as attorney for Trustees.

That, as above set out on May 9, 1938, an Order for Appointment of Trustees to take over the affairs of the Mount Gaines Mining Co. and the International Mining & Milling Co., was made by the Hon. Judge Trabucco, Judge of the Superior Court of California, in and for the County of Mariposa, in Action No. 1646, and in connection with said Order, C. B. Buxton, H. K. Trask and A. V. Udell were appointed as the Trustees at a salary of \$450.00 per month for the three Trustees plus expenses incurred by them. That upon such appointment, the petitioner discussed with said Trustees the nature of their duties, and it was agreed among them that C. B. Buxton and H. K. Trask would attend to the business affairs of the corporations, and A. V. Udell, who was an experienced mining man and resided in Mariposa, should look after the mining operations. That a few weeks thereafter C. B. Buxton and H. K. Trask met at the office of the petitioner, for the purpose of discussing the affairs of the corporations, and at said time the petitioner was employed and appointed by the Trustees as attorney for Trustees during the entire trusteeship or until substituted by other counsel. That from said time, petitioner has continued to act for the Trustees in the said proceeding and has never been discharged or substituted.

That the office of the petitioner handled all matters as pertained to the affairs of the corporations, excepting that the office maintained by the corporations at the mine in Mariposa County, was in charge of actual mining operations and no office expense was incurred by the Trustees, their business being taken care of through the petitioner's office, except that H. K. Trask did carry on a correspondence at his home with various stockholders who were interested as to the status of their investment.

That during the time from the appointment of the Trustees by the Superior Court of California and until petition was filed in the United States District Court in the above entitled matter, a large share of petitioner's time and the time of his office, was devoted to the affairs of the Trusteeship he represented, and there were at all times various matters in said Trusteeship that required his attention. That the services so rendered was a continuing service from the time of his employment as attorney, until the affairs of the corporations were taken over by this Honorable Court. That during said time, the petitioner had associated with him in his office, another attorney to assist him in the routine business of his office, permitting petitioner to devote the necessary time required to the affairs of the Trusteeship and the corporations involved. That upon the said affairs of the corporations being taken over by this Honorable Court, the petitioner has found such assistance unnecessary and has dispensed with the said services of the said associate

attorney. That in addition to taking charge through his office of the routine matters with respect to the Trusteeship and in his capacity as attorney for the Trustees, such as conferences, correspondence and matters of similar nature, it became necessary for him and he did appear in Court on a number of matters on behalf of the Trustees.

That after the appointment of the Trustees herein, the petitioner discovered that C. F. Humphrey, one of the principal land owners of the Mount Gaines Mine, had been prevailing upon the Trustees to reform the lease on the property by deleting the right of the corporation to purchase his interest out of the royalty payments and that he persuaded some of the Trustees to conform to his wishes, due to his insistence that it was the most advisable thing for the corporation to do. That the petitioner upon learning of the state of the facts existing and the effectiveness of the persuasion of C. F. Humphrey on the Trustees, spent considerable time with the said Trustees in enlightening them of the fact that such cancellation of the present lease would be of great disadvantage to the corporations and finally convinced the said Trustees that the purpose in the land owners attempting to cancel out the right of option was only for their own benefit, so that they may reserve for themselves the right forever, so long as the mine operates to collect royalties many, many times the total amount of the purchase price. That at the then rate of production at the said mine, the royalties paid for

a period of approximately eighteen months were sufficient to purchase a three-fourths land owner's interest in the said mine, to-wit: the sum of Fifty Thousand (\$50,000.00) Dollars, and save the corporations thereafter from being required to pay any royalties whatsoever thereon. That, at about the time petition in the matter was filed in this Court, the Trustees were contemplating such arrangements.

That having failed in deleting the option clause from the lease by obtaining the consent of the Trustees thereto, C. F. Humphrey, who controlled at that time a purported Board of Directors of the corporations here involved, was about to take action through the said purported Board of Directors in agreement with himself as the said land owner, to cancel the lease on the mine, and were it not for the prompt action on the part of the petitioner, petitioner believes that the purported Board of Directors would have cancelled out the present lease with the land owners, resulting in either the loss of the lease or in extended litigation with reference to such actions. That in the opinion of the petitioner, the lease on the property of the corporations is the most valuable and only substantial asset of the corporations.

That to forestall such action the petitioner immediately communicated with persons who had knowledge of the impending scheme of C. F. Humphrey, and consulted with the Trustees, and was advised by them to proceed with such action as may be necessary to save the lease to the corporations.

That petitioner prepared and on September 10th, 1938 filed in the Superior Court the necessary affidavits and motions, obtained from the Court a Restraining Order, and caused the proceeding against C. F. Humphrey to be set for trial. That the said C. F. Humphrey thereafter proceeded with a Motion to strike the said Order to Show Cause against him. That petitioner appeared in the Superior Court at Mariposa and on a hearing of the matter by the Court, the Motion of C. F. Humphrey was denied, and the said C. F. Humphrey was by the Court restrained from taking action to cancel the lease through his purported Board of Directors.

That the petitioner herein discovered that numerous charges on account were being made against the corporations by C. F. Humphrey acting through his Board of Directors. That the order appointing the Trustees never intended to permit any other persons, excepting the Trustees, to be empowered to make charges or incur liabilities against the corporations, and so as to protect the assets of the corporations and preserve the same, the petitioner herein moved the above entitled Court for an Order to Restrain such persons from incurring liabilities and charges against the corporations. That petitioner appeared in Superior Court at Mariposa and after a hearing had thereon, in October 4th, 1938, the Court made its order restraining the Humphrey Board of Directors from holding meetings or incurring liabilities.

That C. F. Humphrey being unsuccessful in ob-

taining a cancellation of the lease, and having been restrained through the efforts of the petitioner from having his board of directors resolve to cancel the lease, and being restrained from further direction of the matters of the corporations, proceeded on January 14th, 1939 with a Motion to Discharge the Trustees. That after due preparation for the proceeding, the petitioner left for Mariposa, and trial was had on the said Motion, and, after trial on the matter and submission to the Court, on February 6th, 1939 the Court denied the Motion, and the Trustees continued to act in their capacity as such. That thereafter in an effort to regain control of the corporation, C. F. Humphrey caused a Motion to be filed and served on petitioner, to set aside the order appointing the Trustees. That petitioner prepared to resist the said Motion, which was set for hearing for March 20th, 1939, and left for Mariposa for the said hearing, for said date where the said Motion was heard and denied by the Court. There was also filed in the said Court an Order to Show Cause against the Trustees why they should not pay the claim of John L. Reimer, and copy served on petitioner, and set for hearing on April 3rd, 1939, at which time the same was continued to a later time and time set for the taking of depositions. That no Order was granted for the payment of the said claim.

That the petitioner learned that C. F. Humphrey, acting in concert with others, had encouraged actions to be filed against the corporations the sub-

jects of the trust, and had arranged for service of process to be made on his board of directors and that judgments were about to be entered against the corporations on said service. That petitioner immediately prepared the necessary affidavits and petitions and appeared before and presented the same to the Court and on June 3rd, 1939 obtained an immediate Order from the Court for the said members of the Humphrey board of directors and officers to immediately notify petitioner, when process has been served upon them, and on June 12th, 1939, the said Order was made permanent.

That on the morning of June 22nd, 1939, petitioner learned that a deposition was to be taken at the office of Attorneys Redwine and Redwine in Los Angeles, of A. G. Ilsing. Being interested to learn the nature of the proceeding, petitioner attended the taking of said deposition and learned for the first time that an Action had been filed by Arthur J. Edwards and another by John L. Reimer against the corporations, without any service being made of process on the Trustees, and that the Humphrey officers, with whom the said plaintiffs were friendly, had been served with the process, and that trial was set for five days later, June 27th, 1939. After conferring with one of the Trustees, the petitioner immediately arranged to leave for San Francisco where the trial was to be had, and on the morning of the trial, appeared in Court, much to the surprise of both the plaintiffs and C. F. Humphrey and his attorney, who appeared on behalf of the corpora-

tions through the Humphrey board of directors. At the opening of the trial, petitioner herein informed the Court of the fact that the person appearing for defendant corporations, had no authority to do so, as the said corporations were in Trusteeship, and that the Trustees had no prior knowledge of the action, and requested the Court to postpone the trial until the Trustees familiarize themselves with the proceedings, which the Court denied, stating that as the record stood before the Court, the parties to the action were properly represented, and the trial proceeded, in which the petitioner was permitted to participate but being entirely unfamiliar with the subject of the actions, was not prepared to properly defend it. No serious effort was made to defend the action on behalf of the corporations and judgment was stipulated to by the parties of record.

Upon returning to Los Angeles from San Francisco, petitioner learned that the Humphrey group had caused a petition in Bankruptcy to be filed before this Honorable Court.

In addition to the above, in matters before the Superior Court at Mariposa, the petitioner, after many days of work on the same, prepared an account of the Trustees, which was filed in Superior Court at Mariposa, and petitioner appeared in said Court therein, and was approved on October 3rd, 1938. That in order to save expense of auditors, the petitioner worked on the same with only the aid of the bookkeeper at the mine.

That After the filing of the petition in this action, the petitioner prepared petitions, which he presented to the Superior Court at Mariposa, for Leave to File Final Accounting of the Trustees. That on February 28th, 1944, petitioner appeared in said Court with said petition but the Court refused to entertain the same, for the reason stated that as the matter is now in the United States District Court, he did not feel inclined to accept any further accounting in his Court.

That on June 1947 a Motion by A. G. Ilsing was made and served on petitioner, as attorney for Trustees, to dismiss the Action pending in the Superior Court at Mariposa. That petitioner was of the opinion that, as the subject matter was pending in the District Court of the United States, and the state trustees had not been discharged, it was presumptuous to anticipate how the said District Court would finally dispose of the matter, and that the said District Court could, if it so desired, order further proceedings through the State Court, and that final disposition of said action should await the pleasure of this Honorable Court. The petition, as filed, stressed the statute, regarding dismissal of actions after lapse of time and not proceeding to trial, and it was necessary for petitioner to fully brief the law on the subject which he did, and which required several days. That he appeared before the Superior Court at Mariposa on June 28, 1947, and after defending the Motion before the said

Court, the same was denied, and the action there is still pending.

That during the latter part of January 1939, petitioner discovered that an Action had been filed against the Mount Gaines Mining Co. in the Superior Court of California at Mariposa by one D. R. Gustaveson, in which it was sought to cancel out the lease on the mine of the said corporation. That no service had been made on the Trustees herein, and in order to protect the Trustees and the said corporation from default by service on the officers of one of the Boards of Directors of the corporation, who also desired a cancellation of the said lease, the petitioner caused copies to be made of the said complaint, which was approximately twenty pages in length, and had several conferences with the Trustees, with regard to filing an Appearance thereon, and it was finally determined that an Answer and Cross-Complaint be filed by the Trustees. That in pursuance thereof, petitioner prepared an eighteen page Answer and Cross-complaint to the said Action, the preparation of which took several days, and mailed copy thereof to plaintiff's attorneys, and then proceeded to file same with the clerk of the Court, upon which petitioner was informed that the plaintiff had dismissed the said action.

That in the course of his duties, petitioner discovered that large sums of money had been spent by C. F. Humphrey for which the corporations were charged, for which the corporations had paid out moneys, which charges were not proper charges

against the corporations, and for which the corporations should be reimbursed. That the petitioner had a number of conferences with regard to the same, and spent considerable time in going over such accounts of charges and moneys paid, and obtained the consent of the Trustees to bring an action for the recovery of said moneys, amounting to many thousands of dollars, and obtained, on motion, an Order from the Court, permitting such action to be filed, and in pursuance thereof, an Action was prepared, Complaint filed and Summons issued, which Action was later dismissed upon the advice of the Court. That by reason of the services rendered by the petitioner, in discovering the said claims of the corporations against such persons, after dismissal of the said Action, another Action, based upon such information obtained by the petitioner, was filed by an independent stockholder of the corporations.

That there existed a number of undisputed claims against the corporations, which were required to be paid and for which there was sufficient moneys on hand to pay the same. That the petitioner, with the assistance of the Trustees, prepared such list of claims, which should be paid, and arranged for the payment thereof at discounts, saving to the corporations approximately Two Thousand (\$2,000.00) Dollars in such accounts, all of which discounts the Trustees obtained, not because of legal right thereto, but because of the proper and efficient manner in which the same was handled by the petitioner in collaboration with the Trustees. That at the time,

there stood against the corporations, a judgment in the sum of approximately \$1,360.00, together with considerable interest, which judgment was then final. That the petitioner, in collaboration with the Trustees, took this matter up with the attorneys for the judgment creditor, and obtained a complete satisfaction of the said judgment, for the sum of One Thousand (\$1,000.00) Dollars. That petitioner appeared in the Superior Court at Mariposa on December 18, 1938, for approval of said compromise, and the same was approved.

That at the time that the Trustees herein took charge, the corporations were heavily in debt on accounts of long standing and were threatened with attachments and suits and, in addition thereto, were indebted on delinquent royalties and in considerable sums on current accounts. That during the period of Trusteeship, most of the said delinquent accounts and indebtedness, which were undisputed and uncontested, have been paid and satisfied; that accounts current were paid; and, in addition thereto, the accounts current, accruing during the Trusteeship, were paid as they accrued and became due; and that the time that the United States District Court took charge of the said corporations, under the Petition filed therein, the Trustees had on hand a substantial cash reserve. That if the said Petition in the United States District Court had not been filed, petitioner believes that the Trustees were prepared, within a brief time, to report to the Court

that the corporations were in good standing and that their duties had been fulfilled.

That during all the said period of time, towit, between May 9, 1938 and June 30, 1949, being the period of active operation by the Trustees, acting under the jurisdiction of the Superior Court of California, at Mariposa, in the Action pending before said Court, to-wit, #1646, a number of appearances in Court were had, at which time petitioner appeared in addition to the appearances above referred to, on a number of said occasions; on Motion of plaintiff, the proceedings were continued, the last time being June 3, 1939.

That the matters above referred to and appearances before the Court, required preparation, some of which were extensive, requiring a great number of days, and all of such appearances required traveling to Mariposa, a distance of 350 miles and return, and on each of said occasions, petitioner was absent from his office a number of days.

That in addition to court appearances and preparation therefore, petitioner was occupied almost daily with various matters affecting the business of the Trusteeship, and devoted a great portion of his time thereto, as hereinabove first stated.

That the Trustees, whom petitioner was representing, were allowed during their term in office, a total of \$5,850.00 in fees, together with their expenses. That most of the business of the Trustees was carried on by and through and at the office of the petitioner, the Trustees having no other office

on their own account. That petitioner believes that the sum of \$10,000.00 is a reasonable allowance for his services in the Superior Court action, and prays that the same is allowed to him.

That upon the filing of the Petition in Bankruptcy in this proceeding, and for authority for the Humphrey board of directors to remain in possession and control of the affairs of the corporation, at a time when said board was neither in possession nor control, petitioner herein prepared on behalf of C. B. Buxton, the only remaining active Trustee, an Answer and Objection to said Petition, consisting of some thirteen pages, which was filed, setting out the Objection to the proceeding and the falsity of the allegations in the petition, to the effect that the Humphrey board was in possession or control of the affairs of the corporations and objecting to permitting the said board to gain control thereof; that the time spent in preparation for the filing of the said Answer and Objection consumed the major part of a week; in addition thereto, petitioner spent considerable time in conferences with C. B. Buxton, the Trustee, and other parties interested in the proceeding. That petitioner appeared in the above entitled Court on the hearing of the said petition in the month of August, 1939, and was absent from his office a considerable portion of a week in the course of said appearance.

That on November 27th, 1939, the petitioner appeared in the above entitled Court, in connection with a petition filed by him for Leave to File the

Accounting of the State Trustees in the said Court, and the preparation for same and appearance before this Honorable Court, the travelling to and fro, consumed a considerable portion of a week.

That in 1940, the exact date of which petitioner does not have at hand, a Petition was filed in this Court to remove petitioner as attorney for State Trustees, that the matter was heard by this Honorable Court, and petitioner appeared thereon and the Motion was denied. The petitioner spent several days in preparing counter affidavits, travelling from Los Angeles to, and returning from, this Honorable Court and appearing thereon.

That during 1940, the exact date of which petitioner does not have any record, he appeared before this Honorable Court, with reference to proceeding, involving the account of C. F. Humphrey, in connection with his operations before the filing of this matter in Court.

That during the pendency of this proceeding, the petitioner has, from time to time, received notices from the clerk of the Court, with regard to matters pending, but has not appeared on most of said proceedings for the reason that he did not desire to incur charges, fees or expense therein when he did not believe his appearance necessary.

That petitioner believes that the fee for his services in this proceeding rendered as attorney for the State Trustees, is reasonable, in the sum of One Thousand (\$1,000.00) Dollars.

Petitioner prays that he be allowed, as fees as attorney for Trustees for services rendered by him

as such, the sum of \$10,000.00 as hereinabove set out, and that he be allowed the further sum of \$1,000.00 for services rendered by him as attorney for State Trustees before this Honorable Court, and being a total fee in the sum of \$11,000.00, and that the fee heretofore paid to him, on account in the sum of \$500.00, be credited on account thereof.

Petitioner herein states that no agreement or understanding exists between himself and any other person for any division of compensation to be allowed to him or heretofore allowed him, and further states that no beneficial interest, either direct or indirect, has been acquired by him or his account in any claims or stock of the debtor corporation herein, after the commencement of the proceedings herein, or the proceedings in the Superior Court of the State of California in which he acted as attorney, and which these proceedings supercede.

/s/ CHAS. I. ROSIN,
Petitioner.

State of California,
County of Los Angeles—ss.

Chas. I. Rosin, being first duly sworn deposes and says that no agreement or understanding exists between himself and any other person, for any division of compensation to be allowed to him or heretofore allowed him.

Deponent further says that no beneficial interest, either direct or indirect, has been acquired or transferred by him or for his account in any claims or

stock of the debtor corporation herein, after the commencement of the proceedings herein, or the proceedings in the Superior Court of the State of California, in which he acted as attorney, and which these proceedings supercede.

/s/ CHAS. I. ROSIN.

Subscribed and sworn to before me this 15th day of February, 1949.

[Seal] /s/ IRVING E. TARSON,
Notary Public, Los Angeles County, California.

State of California,
County of Los Angeles—ss.

Chas. I. Rosin, being by me first duly sworn, deposes and says: that he is the petitioner in the above entitled action; that he has read the foregoing petition for allowance of attorney fees and knows the contents thereof; and that the same is true of his own knowledge, except as to the matters which are therein stated upon his information or belief, and as to those matters that he believes it to be true.

/s/ CHAS. I. ROSIN.

Subscribed and sworn to before me this 15th day of February, 1949.

[Seal] /s/ IRVING E. TARSON,
Notary Public in and for the County of Los Angeles, State of California.

Affidavit of service by mail attached.

[Endorsed]: Filed February 21, 1949.

[Title of District Court and Causes.]

SUPPLEMENT TO PETITION FOR ALLOW-
ANCE OF FEES TO ATTORNEY FOR
STATE TRUSTEES

Chas. I. Rosin, petitioner, having heretofore filed his petition for allowance of attorney fees as attorney for State Trustees, respectfully supplements said petition and attaches hereto a copy of a letter from the Judge of the Superior Court of the State of California, in and for the County of Mariposa, marked as Exhibit A which he has received since the filing of the petition, in support of his allegations that he has at all times been and still is the attorney for the State trustees, and has rendered valuable services to said trustees and the corporation.

/s/ CHAS. I. ROSIN,
Petitioner.

EXHIBIT A

The Superior Court, Mariposa County
Andrew R. Schottky, Judge
Mariposa, California

San Francisco, Cal.,
February 17, 1949

Mr. Chas. I. Rosin,
Attorney at law,
756 South Broadway,
Los Angeles, Calif.

My dear Mr. Rosin:

Your letter of February 4th was delayed in reaching me as I have been assigned to preside in the Superior Court in San Francisco.

I am very much interested to learn that a plan for reorganization of the Mount Gaines Mining Company has been approved by the U. S. District Court in Nevada and will be interested further in learning the details of the reorganization as the mine is in Mariposa County.

I sincerely hope that in the allowance of fees to the various attorneys you will not be overlooked as I know that you represented the Trustees when the matter was in my Court, and that you spent considerable time protecting their interests and the interests of the corporation. If it were in my power I would see to it that you were substantially compensated for the services you performed, and I

feel that it would not be just to ignore your claim for compensation.

I am

Yours very truly,

/s/ ANDREW R. SCHOTTKY,

Judge of the Superior Court.

ARS:H

State of California,
County of Los Angeles—ss.

Chas. I. Rosin being by me first duly sworn, deposes and says: that he is the petitioner in the above entitled action; that he has read the foregoing supplement to petition and knows the contents thereof; and that the same is true of his own knowledge, except as to the matters which are therein stated upon his information or belief, and as to those matters that he believes it to be true.

/s/ CHAS. I. ROSIN.

Subscribed and sworn to before me this 23rd day of February, 1949.

[Seal] /s/ IRVING E. TARSON,
Notary Public in and for the County of Los Angeles, State of California.

Affidavit of service by mail attached.

[Endorsed]: Filed February 26, 1949.

ROSIN EXHIBIT No. 1

In the Superior Court of the State of California
in and for the County of Mariposa

No. 1646

ANDREW N. LOGIE, et al,

Plaintiffs,

vs.

MOUNT GAINES MINING COMPANY, et al,
Defendants.

ORDER APPOINTING TRUSTEES
PURSUANT TO STIPULATION

Upon stipulation of the parties to the above-entitled action, and the Court having approved the stipulation, and having determined that it is to the best interests of all parties concerned, it is hereby Ordered, Adjudged and Decreed:

That H. K. Trask, C. B. Buxton and A. V. Udell be, and they hereby are appointed Trustees, pursuant to, and subject to all the terms and restrictions of said stipulation hereto attached, and with all the powers and duties therein specified, upon qualifying and executing the bonds therein required.

It Is Further Ordered, that all persons be and they hereby are restrained from interfering with

Exhibit No. 1—(Continued)

the possession or control of all property in the possession or under the control of the Trustees.

Dated: May 9, 1938.

J. J. TRABUCCO,

Judge of the Superior Court.

[Title of Superior Court and Cause.]

STIPULATION

It is hereby stipulated by and between the above-named plaintiffs and defendants through their respective attorneys of record in connection with the above-entitled action, as follows:

I.

H. K. Trask, designated by the plaintiffs above named, and C. B. Buxton, designated by the defendants above named, and a third person to be designated by the Judge of the above-entitled Court shall be and constitute a Board of Trustees to take possession of all the assets of the International Mining & Milling Company, and the Mount Gaines Mining Company, under and by virtue of an order of the above-entitled Court, and hold possession and control of all said assets as trustees under the supervision and control, and subject to the jurisdiction and orders of the above-entitled Court, for the purpose of paying in full the existing cred-

Exhibit No. 1—(Continued)

itors of said corporations, upon the terms and under the restrictions as herein set forth.

II.

The trustees shall hold and preserve said property and operate the Mount Gaines mine for the purpose of the payment of operating expenses and royalties, then creating a reserve of Five Thousand Dollars (\$5000.00) for unforeseen emergencies, and thereafter to the payment of creditors. The said trustees shall give no priority to any creditor or creditors but all shall be paid pro rata, except as to such payments as may be made under order of this Court.

III.

No salaries shall be paid to any officer or director of either corporation or to any other person except to the trustees to be appointed in accordance with this stipulation, and to such other persons who are actually employed in the operation of the mine including the Superintendent and necessary office help.

IV.

No member of the Ilseng or Humphrey families shall be employed by the trustees in any capacity in or about the operation of the Mount Gaines mine.

V.

The compensation of the trustees shall not exceed the sum of One Hundred and fifty Dollars (\$150) per month to each of them, and shall re-

Exhibit No. 1—(Continued)

ceive their necessary traveling and other expenses necessary to the performance of their duties as trustees, to be paid only upon presentation of itemized statements submitted to and approved by the Court.

VI.

The trustees shall receive all proceeds from the operation of the Mount Gaines mine and all other sources, and no moneys shall be disbursed except upon checks signed jointly by H. K. Trask and C. B. Buxton, or jointly by the superintendent of the Mount Gaines mine and either of the said trustees, H. K. Trask or C. B. Buxton.

VII.

No indebtedness or liability shall be incurred by the trustees except the ordinary expenses and charges incidental to the operation of the mine, except upon the order of this Court.

VIII.

There shall be no personal liability upon any of the trustees either jointly or severally, except for malfeasance, and all persons dealing with the said trustees shall do so with the distinct understanding that any and all contracts made with the trustees shall bind only the assets of the corporations or either of them, and shall create no personal liability against the trustees.

Exhibit No. 1—(Continued)

IX.

Each trustee shall file with the Clerk of this Court a bond in the sum of Five Thousand Dollars (\$5000.00) for the faithful performance of his duties, executed by a reputable surety company, to be approved by the Court. The costs of such bonds shall be paid from the funds of the Corporation.

X.

All pending litigation in which either of the corporations, or either corporation is a party shall be suspended during the trusteeship herein created, except upon written order of this Court after ten days' notice given to the respective parties to this action. No new litigation shall be commenced by the trustees or by either of the two corporations unless the trustees deem it necessary to protect the assets of either of the corporations and then only after having first secured the written approval of this Court.

XI.

None of the parties to this action, nor the officers or agents of either of the two corporations, nor the trustees shall circularize the stockholders of either corporation, except that the trustees may as soon as convenient after their appointment address a circular letter to the stockholders informing them of the creation of this trusteeship and its purposes, and from time to time as frequently as they deem it advisable they may send out a financial statement.

Exhibit No. 1—(Continued)

XII.

The annual meeting of stockholders of International Mining & Milling Company shall be adjourned sine die, and no new stockholders meetings shall be called by any of the parties to the above-entitled action or any of the trustees, until after the trusteeship herein created is terminated.

XIII.

The trustees shall prepare a set of rules for their guidance, setting out their duties and the duties of the individual trustees, which set of rules shall be mandatory upon the trustees upon approval of the Court and the same shall be filed with the Clerk of the above-entitled Court.

XIV.

The trusteeship herein created shall continue until all creditors of the two corporations are paid, or until terminated by order of Court.

/s/ WILLIAM P. HUBBARD,

/s/ JAMES H. HOGIN,

Attorneys for Plaintiffs.

/s/ W. W. KAYS,

By CCK

/s/ CHESTER C. KEMPLEY,

/s/ CHAS. I. ROSIN,

Attorneys for Defendants.

Exhibit No. 1—(Continued)

/s/ A. G. ILENG,

/s/ C. F. HUMPHREY,

/s/ H. K. TRASK,

Trustee.

/s/ C. B. BUXTON,

Trustee.

The foregoing instrument is a correct copy of the original on file in my office.

Attest: June 19, 1939.

[Seal]: /s/ J. E. GALLISON,

County Clerk and ex-officio Clerk of the Superior Court of the County of Mariposa, State of California.

[Endorsed]: Filed April 21, 1949. U.S.D.C.

ROSIN EXHIBIT No. 2

Superior Court Chambers

Mariposa County

Joseph J. Trabucco, Judge

Mariposa, California

May 25, 1938.

My Dear Mr. Rosin—

Your letter of the 21st inst., regarding attorneys' fees, received. The Trustees have no money on hand, hence, it would not be advisable to make any orders respecting attorneys' fees at this time.

When there are funds in the treasury, I will make an order allowing attorneys' fees on account.

With all good wishes, I am,

Yours very truly,

/s/ J. J. TRABUCCO.

[Endorsed]: Filed April 21, 1949.

ROSIN EXHIBIT No. 4

In the Superior Court of the State of California
in and for the County of Mariposa

ANDREW N. LOGIE, et al.,

Plaintiffs,

vs.

MOUNT GAINES MINING CO., et al.,

Defendants.

ORDER

The above-entitled matter having come up before this Court on the 3rd day of October, 1938, all parties being present in Court and represented by Counsel, and the Court having had presented to it the following matters and motions and the same having been argued and submitted.

Therefore, It Is Hereby Ordered, Adjudged and Decreed:

That the motion of Trustee herein to restrain the Directors and Officers of the International Mining and Milling Co. and the Mount Gaines Mining Company, is hereby granted as follows:

The Directors and Officers, of the International Mining & Milling Co., and of the Mount Gaines Mining Company and each of them, are hereby restrained from incurring any liability for or on behalf of either of said corporations, and from obligating either of them in any manner, and more particularly from taking any action on behalf of

either of the corporations affecting the rights of said corporations under the lease on the Mount Gaines mine, more particularly referred to in the pleadings in this action, and from cancelling or amending the same, and from entering into any lease superseding the present lease.

It is further Ordered, that the motion of the Trustees to file suit for Declaratory Relief, seeking an interpretation of the Mount Gaines lease, is denied without prejudice.

It is further Ordered that the Accounting and Report of the Trustees, as presented to the Court be filed, as approved by the Court.

It is further Ordered that Chas. I. Rosin, and H. H. Carleton, attorneys for Trustees, are allowed and granted fees on account, as follows: to Chas. I. Rosin, the sum of Three Hundred Dollars, to H. H. Carleton, the sum of Fifty Dollars.

J. J. TRABUCCO,
Judge.

[Endorsed]: Filed April 21, 1949. U.S.D.C.

In the District Court of the United States
for the District of Nevada

No. A-34-A

In the Matter of

INTERNATIONAL MINING & MILLING COM-
PANY, a Corporation,

Debtor,

In Proceedings for Reorganization of a Corpora-
tion Under Chapter X.

No. A-35-A

In the Matter of

MOUNT GAINES MINING COMPANY, a Cor-
poration,

Debtor,

In Proceedings for Reorganization of a Corpora-
tion Under Chapter X.

FINDINGS OF FACT, CONCLUSIONS OF
LAW AND ORDER ON APPLICATIONS
FOR COMPENSATION

Applications for the allowance of compensation and reimbursement for expenses incurred to February 28, 1949, in these proceedings came on to be heard before the undersigned Judge of the above-entitled court on the 20th day of April, 1949, pursuant to the provisions of the Order Confirming Plan of Reorganization, Approving Directors and Voting Trustees and Directing the Matter of Fur-

ther Proceedings, entered January 17, 1949. Notice of said hearing was duly given to the persons and in the form and manner directed by this court in its Order Directing Notice of Hearing on Applications for Compensation and Reimbursement for Expenses entered on the 25th day of March, 1949. The hearing proceeding on the 20th, 21st, 22nd and 23rd days of April, 1949, and thereafter was resumed pursuant to continuances on May 16, 1949, and June 13, 1949.

Applications for compensation and reimbursement were presented for consideration by the following applicants:

John P. Thatcher, as counsel for the Trustee, appearing personally.

F. E. Braucht, as special counsel for the Trustee, not appearing but it having been stipulated that his application might be considered on the facts alleged therein without the necessity of evidence in support thereof.

Charles I. Rosin, as attorney for State Court Trustees, appearing personally.

George Halverson, as attorney for a creditor and stockholder and certain other parties, appearing personally.

William B. Mead and H. H. Atkinson, as attorneys for debtors and the Stockholders' Protective Committee, appearing personally.

A. G. Ilseng, a creditor and stockholder, appearing personally and through George Halverson his attorney.

Arthur J. Edwards, as a creditor and as counsel for the Creditors' Protective Committee and individual creditors, appearing personally.

John L. Riemer, as a creditor and Chairman of the Creditors' Protective Committee, appearing personally and through Arthur J. Edwards, his attorney.

Chester C. Kempley, as a creditor and as attorney for a group of stockholders and as counsel for the debtor corporations, appearing personally.

James T. Boyd, as counsel for the Trustee, appearing personally.

Luther Elkins, as counsel for the Stockholders' Protective Committee, appearing personally.

Arthur F. Lasher, as Referee and Special Master, appearing personally.

James P. Hart, as Trustee, appearing personally and through John Halley, his attorney.

Griswold & Vargas and Royal A. Stewart, as special counsel for the Trustee, appearing through Royal A. Stewart.

Hazel B. Hubbard, as surviving spouse of William P. Hubbard, deceased, a creditor, appearing through Arthur J. Edwards, her attorney.

J. W. Warford, as Referee in certain prior State Court proceedings, appearing through Arthur J. Edwards, his attorney,

And the Securities and Exchange Commission, appearing through W. S. Tucker, its attorney, and witnesses having been sworn and examined and testimony having been introduced and considered, the court hereby makes the following:

I.

Findings of Fact

These proceedings were instituted by the simultaneous filing of voluntary petitions under Chapter X of the Bankruptcy Act on June 29, 1939, by International Mining & Milling Company and its wholly-owned subsidiary Mount Gaines Mining Company, a Nevada corporation. On August 11, 1939, James P. Hart was appointed and qualified as trustee of the estates of both debtor corporations and has retained these offices to the present time. The two proceedings have been treated by the court and parties in effect as a single consolidated proceeding.

II.

International Mining & Milling Company was capitalized at \$3,000,000 represented by 1,250,000 authorized shares of Class A stock and 750,000 authorized shares of Class B stock, all having a par value of \$1.00 per share, of which approximately 1,569,749 shares of Class A stock and 386,612 shares of Class B stock were issued and out-

standing in the hands of approximately 2100 holders at the time of the institution of these proceedings.

III.

The principal asset of value of International Mining & Milling Company has been all of the capital stock of Mount Gaines Mining Company. The principal valuable asset of value of Mount Gaines Mining Company and only important source of revenue to the estates of debtors has been a leasehold interest in the Mount Gaines Mine in Mariposa County, California. The lease contains an option in favor of the lessee to purchase an undivided $\frac{3}{4}$ of the fee title to the property for \$50,000. The trustee has occupied and operated these mining properties throughout this proceeding.

IV.

During these proceedings legal title to the Mount Gaines Mine has been vested in California Pacific Title and Trust Company and its successor Title Insurance and Guaranty Company as trustees for the several owners of beneficial interests therein. In 1941, through settlement of pending litigation, the trustee acquired and has continued to own one-sixth of the beneficial ownership.

V.

At the time of the approval of a Plan of Reorganization July 29, 1948, this Court found that from November 1, 1940, to April 30, 1948, the trus-

tee had received total revenue of \$1,216,707 yielding a net profit of \$106,932 (after Chapter X expenses paid), that further net profits of \$924 and \$253.15 were realized in May and June, 1948, that as of June 15, 1948, there was on hand cash and liquid assets of \$100,509 of which \$47,420 was available for operating capital and expenses of administration after reserves against unliquidated and unpaid creditors claims, that available ore in place valued at \$22.00 per ton had a gross value of \$164,000, that debtors were solvent and that a new stock capitalization of between 1,100,000 and 1,700,000 shares of a par value of 10c each bore a reasonable relationship to the value of the assets.

VI.

Continuous operating losses reported in August, 1948, and succeeding months reduced the cash and liquid assets immediately available for working capital and expenses of administration to \$3,843.79 as of June 1, 1949. On June 6, 1949, the trustee was given authority to terminate active mining operations immediately. The loss reported by the trustee for the fiscal year ended April 30, 1949, was \$36,705.79. Losses are attributed by the trustee to increased operating expenses, failure to recover the anticipated values from the ores mined and failure of development work to expose ore bodies of sufficient values to sustain operations. On June 6, 1949, there remained no known bodies of available ore of sufficient value to assure the successful continuation of full-scale operations.

VII.

Prior to November, 1937, the affairs of debtor corporations had been under the domination and control of A. G. Ilseng, members of his family and other persons associated with him. Between November 1, 1937, and December 31, 1937, a group of stockholders organized as a Stockholders' Protective Committee, in collaboration with C. F. Humphrey, an attorney, ousted the Ilseng faction and assumed factual control of the debtor corporations. The legality of this action was an issue in these proceedings. In September, 1937, the books and records of debtors were seized by the United States postal authorities and in 1941 A. G. Ilseng and A. G. Ilseng, Jr., were convicted in the United States District Court for the Southern District of California of using the mails to defraud in the sale of stock of International Mining & Milling Company.

When the petitions for reorganization in this proceeding were filed twelve lawsuits were pending between the Ilseng faction and the group associated with C. F. Humphrey, involving variously charges and counter-charges of mismanagement, misapplication of funds, the diversion and failure to account for assets, the unlawful incurring of obligations and the unlawful issuance of stock. From May 18, 1938, to the institution of these proceedings the affairs and assets of the debtor corporations were in the possession and control of three trustees appointed by the Superior Court of the State of California for Mariposa County.

VIII.

Plans of reorganization proposed by the debtors and by Chester C. Kempley in 1940 were not acted upon. The Trustee's Plan was filed July 1, 1946. Amendments and suggestions were proposed by claimants Mead and Atkinson and Kempley and by creditor Hubbard. Hearings thereon were begun in September, 1946, and continued from time to time until July 29, 1948, when an order was entered approving the trustee's Plan, as amended. This plan was accepted and was confirmed by order entered January 17, 1949, but has not been consummated.

IX.

Claims aggregating \$203,548.95, eliminating inter-company claims and duplications, filed by 54 claimants were reduced in the amount of \$26,742.08 by settlements or rejections by the trustee without litigation and by the further sum of \$86,252.32 by court determination or approved settlements of rejected claims which were litigated, a total reduction of \$112,994.40. All allowed claims have been paid in cash in full under prior orders of this court in the total sum of \$59,279.41 to the date of these findings.

X.

The litigation in these proceedings has been unduly protracted and has been marked by the litigious attitude of counsel, unreasonable delays and tactical maneuvering, fruitless and unnecessary con-

troversies and digressions in proceedings before the court, the stubborn adherence of parties to their positions and their disinclination to enter into settlements, and delays by the master in reporting on matters submitted to him.

The expeditious administration of the estate has been sacrificed in favor of litigation. There has been an undue amount of wasted effort and expenditure of time. These proceedings have extended over an unreasonably long period of time, increasing the costs and expenses of administration. All applicants claiming compensation for services in the Chapter X proceeding have contributed to these delaying elements.

XI.

During these proceedings to March 31, 1949, the trustee has disbursed a total of \$144,826.70 charged to Chapter X expenses in payment of office supplies, office help, rentals, court costs and reporters, interim allowances of compensation and expenses to the trustee and counsel, postage and telephone, payroll taxes, Victory taxes, withholding taxes, other taxes, accounting and auditing fees and miscellaneous charges. The total additional amounts hereinafter allowed on account of compensation and expenses in the sum of \$32,436.00 will bring the cost of these proceedings to \$178,179.90 to and including February 28, 1949, of which \$59,147.24 represents compensation and expenses allowed to counsel. The total cost is high in relation to the value of the assets and the results accomplished.

Findings XII to XVI, on Application of
John P. Thatcher

XII.

Applicant requests a total allowance of \$7500 for 802 hours of service as one of counsel for the trustee from his appointment on August 29, 1939, until his withdrawal October 17, 1940. From August 29, 1939, to May of 1940, he acted as co-counsel with George A. Bartlett and from May 18, 1940, until his withdrawal he acted as co-counsel with James T. Boyd. For services during this period co-counsel George A. Bartlett was allowed and paid the sum of \$750 and James T. Boyd was allowed and paid the sum of \$1100. Applicant's services consisted of investigation into the past transactions of the debtor corporations and persons connected therewith, examination of claims and preparation of objections thereto, negotiations for the compromise of certain claims against the estate and demands in favor of the estate, the preparation of legal documents, petitions and orders, correspondence, appearances in court on administrative matters and contested claims, conferences, briefing legal questions, and advice to the Trustee.

XIV.

During the greater portion of the period of his employment, applicant's office expenses were low and substantially all of the stenographic work was done by the secretary to the trustee who was paid by the trustee.

XV.

The resignation of applicant was without notice during the progress of hearings and cast an additional burden of work on other counsel for the trustee, resulting in an increase in the amounts requested by them for allowances.

XVI.

The amount requested is \$3,500 in addition to interim compensation heretofore allowed and paid the sum of \$4,250. The amount heretofore received by applicant is fair, reasonable and adequate compensation for the services rendered by him. Applicant is not entitled to any further allowance.

Findings XVII to XIX on Application of
F. E. Braucht

XVII.

Applicant requests allowance of \$200 as compensation for services rendered and \$10.26 reimbursement for expenses incurred as special counsel for the trustee, pursuant to an order of employment entered on the 14th day of July 1947, in appearing in the Superior Court of Mariposa County in an action there pending entitled A. N. Logie and C. F. Humphrey et al., Plaintiffs, vs. Mount Gaines Mining Company, A. G. Ilseng, et al., Defendants, No. 1646, in opposition to the granting of a motion filed therein by the defendants A. G. Ilseng and George J. Benedict for a dismissal of said action. This action was a minority stockholders' suit for the

benefit of International Mining & Milling Company to obtain an accounting from A. G. Ilseng and others as directors of said corporation and a determination of the invalidity of the issuance of 400,000 shares of Class A stock issued to the said A. G. Ilseng by International Mining & Milling Company.

XVIII.

Applicant traveled twice from his office in Merced, California to Mariposa, California in the preparation and presentation of the matter and prepared a 5 page affidavit, together with 16 pages of exhibits, on behalf of the Trustee. As a result of the services of applicant no action was taken by the Superior Court of Mariposa County upon the motion for dismissal of said cause. Finding X does not apply to this applicant.

XIX.

Applicant necessarily expended the reasonable sum of \$10.26 for telephone calls and typing services for which reimbursement should be allowed.

The sum of \$200 is a fair, adequate and reasonable amount to be allowed applicant for his services.

Findings XX to XXX on Application of
Charles I. Rosin

XX.

Applicant requests compensation as attorney for certain State Court trustees in the sum of \$10,000, less \$500 previously paid, for services rendered prior

to the commencement of these proceedings in this Court and \$1,000 additional for services in these proceedings.

XXI.

Prior to the 6th day of May 1938 and at all times thereafter there has been pending in the Superior Court of the State of California for the County of Mariposa, Action No. 1646, entitled A. N. Logie et al. vs. A. G. Ilseng, et al. On the 9th day of May 1938, pursuant to a stipulation filed in said cause, an order was entered therein appointing H. K. Trask, C. B. Buxton and U. V. Udell as trustees to hold and operate the properties and assets of Mount Gaines Mining Company and International Mining & Milling Company, the debtor corporations in these proceedings. Subsequently H. J. Trask resigned as such trustee and was replaced by A. N. Logie. These trustees continued in possession of the affairs and assets of the said corporations from appointment until the institution of these proceedings pursuant to Chapter X of the Bankruptcy Act on June 30, 1939.

XXII.

On September 2, 1938 an order was entered in the state court proceedings authorizing the said trustees to employ applicant as their attorney therein. Applicant thereupon procured issuance of an order to show cause to restrain the directors of the debtor corporations from negotiating with the owners of the fee title to the Mount Gaines mine to terminate the then existing lease in favor of the

Mount Gaines Mining Company and to substitute therefor another lease. Thereafter in said Cause No. 1646 applicant procured a show cause order to restrain the directors of the debtor corporations from holding meetings or incurring liabilities.

XXIII.

On October 3, 1938 an order was entered in the said cause restraining the directors from negotiating for the surrender and substitution of the existing lease, enjoining the incurring of liabilities and obligations by said directors and allowing the applicant the sum of \$300 as interim compensation for his services. A subsequent order entered in said proceeding allowed applicant the additional sum of \$200 as interim compensation for services therein. Pursuant to said orders applicant was paid and received the sum of \$500 on account of his services in said proceeding.

XXIV.

The directors referred to in Findings XXII and XXIII were the directors referred to in Findings XLI and XLIV.

XXV.

The court does not find that applicant was employed by the trustees prior to the second day of September 1938. The court finds that applicant rendered services described in his petition for compensation in connection with the aforesaid to show cause matters in Action 1646 between September 2,

1938 and October 3, 1938. The court does not find that any of the other services described in the applicant's petition for compensation performed prior to June 30, 1939, conferred upon the estates of the debtors in reorganization any direct, substantial and demonstrable benefit.

XXVI.

To the extent that the foregoing services served to conserve and preserve the assets of the debtor corporations prior to the institution of the Chapter X proceeding the sum of \$500 heretofore allowed and paid to applicant in said cause is fair, adequate and reasonable compensation.

XXVII.

Upon the institution of these proceedings in this court applicant filed herein certain answers and appearances purportedly on behalf of said State Court Trustees then in office and on various occasions appeared in this court in these proceedings purportedly on behalf of said State Court Trustees. On November 17, 1939 applicant filed in these proceedings motions for an instruction to Buxton as one of the State Court Trustees with respect to the filing by him of a closing report in the State Court cause and a request by applicant for instructions as attorney for the State Court Trustees and for authority to file his application for compensation before the State Court at Mariposa. On January 26, 1940 applicant filed in these proceedings a notice of appearance as attorney for Udell, Logie, and

Buxton as State Court Trustees. On March 26, 1942 applicant filed herein a purported report of the state court trustees Udell, Logie and Buxton, requesting this Court to consider and act upon said report.

XXVIII.

This Court has at no time heretofore determined the authority of applicant to appear as attorney in these proceedings on behalf of the State Court Trustees. Applicant has not produced any documents or other indication of authority to act in these proceedings signed by State Court Trustees Udell and Logie. In all matters in which applicant has sought to appear before this court he has indicated authorization only by State Court Trustee Buxton. The purported report of the State Court Trustees tendered this court on May 26, 1942 was submitted only by Trustee Buxton. The court does not find that the applicant was authorized to appear or to represent the State Court Trustees in these proceedings.

XXIX.

None of the services described in the petition of applicant for compensation asserted in connection with the Chapter X proceedings conferred any direct, substantial and demonstrable benefit upon the estates in organization or constituted any contribution toward any plan of reorganization herein.

XXX.

Applicant is not entitled to any compensation or reimbursement for expenses in these proceedings.

Findings XXXI to XXXVII on Application of
George Halverson

XXXI.

Applicant requests an allowance of \$2500 as compensation for services rendered and reimbursement of expenses of \$103 incurred in representing certain creditors, stockholders and others in these proceedings as follows:

A. G. Ilseng, Sr., a creditor and stock claimant.

A. G. Ilseng, Jr., a creditor and stock claimant.

Rea G. Ilseng, a creditor.

Leslie A. McKercher, a creditor.

Byron Halverson and J. J. Mueller as owners of certain undivided beneficial interests in the fee title to the property on which the Mount Gaines Mine is situated.

XXXII.

In his testimony applicant limited his claim to compensation for the services described in paragraph 5 of his application, rendered on behalf of J. J. Mueller and Byron Halverson as persons beneficially interested in the ownership of the legal title to the Mount Gaines Mine in support of the trustee in the proceeding pending before the Judge of this Court upon the order to show cause issued in the 9th day of September, 1944, upon the petition of the trustee praying for an adjudication that the lease under which Mount Gaines Mining Company occupied the Mount Gaines Mine, then constituting

the principal asset in the estates of the debtor corporations, had been extended for an additional period of 10 years from and after December 15, 1943 pursuant to an extension provision therein contained. This petition and show cause order were opposed by the trustee of the legal title to said properties and by the owners of the beneficial interests of said legal title other than J. J. Mueller, Byron Halverson and James P. Hart as trustee in these proceedings.

XXXIII.

Applicant appeared before this Court upon the trial of said issues for 20 days in February and March 1945 and incurred an expense of \$103 in connection with his travel from his residence in Los Angeles, California to and from the place of trial in Reno, Nevada and for hotel and board.

XXXIV.

Between March 1940 and April 29, 1949 there were pending in this court the claims of A. G. Ilseng, Sr., and A. G. Ilseng, Jr., as creditors in an aggregate amount of approximately \$38,000 for monies advanced and services rendered and the claims of A. G. Ilseng, Sr., A. G. Ilseng, Jr., and Vera Ilseng Harris for over 500,000 shares of the Class A Capital stock of International Mining & Milling Company.

Said claims were opposed by the trustee and other parties herein and cross-claims for large amounts were asserted against said claimants. Ap-

plicant represented said claimants in the prosecution of said claims against the estate.

Applicant also represented Leslie A. McKercher and Rea G. Ilseng in the prosecution of claims against these estates. His services on behalf of these claimants were wholly for the benefit of the claimants and contributed no benefit to the estates of the debtors, to the administration thereof or to the development of a plan of reorganization.

XXXV.

Notwithstanding the position taken by applicant on behalf of Mueller and Halverson as landowners in support of the petition of the trustee for an adjudication that the lease on the mine had been extended, the court finds that the interests of owners of the land as lessors were in conflict with the interests of creditors of the estates of the debtor corporations and of the estate of Mount Gaines Mining Company as lessee and that in his simultaneous representation of creditors and of owners of the fee title to the mining property applicant represented conflicting interests which bar any claim he may have to compensation or reimbursement for expenses from the estates of the debtor corporations in these proceedings.

XXXVI.

In his representation of the claims of A. G. Ilseng, A. G. Ilseng, Jr., and Vera Ilseng Harris, applicant failed to prosecute said claims with due diligence and dispatch and thereby contributed to

the prolongation of these proceedings and to the delay in the consideration and action upon a plan of reorganization.

XXXVII.

Applicant is not entitled to any compensation or reimbursement for his expenses incurred in this proceeding.

Findings XXXVIII to LI on Application of
William B. Mead and Harry H. Atkinson

XXXVIII.

Applicants petition for the allowance of \$35,000 for compensation for services rendered and \$1,500 reimbursement for expenses incurred as counsel for the Stockholders' Protective Committee and for the debtor corporations in these proceedings. In a separate statement of Account filed June 6, 1947 by applicant Atkinson he assigns a value of \$9,545 to his services in this matter.

XXXIX.

Throughout these proceedings Mr. Atkinson has resided in Reno, Nevada and has acted as local counsel in the matters for which compensation is sought, in association with other counsel, all of whom resided in the State of California.

XL.

Prior to the institution of these proceedings a Stockholders' Protective Committee was formed consisting of Rene Ruch, W. Melvin Whitlock, W.

S. Robinson, Fred E. Turner, F. N. Fredericks and F. M. Buys. This committee appeared in these proceedings through C. F. Humphrey, James H. Hogin and applicants as attorneys. C. F. Humphrey was an attorney for said committee at all times from the time of its inception until the spring of 1942 and for the debtor corporations until his death in 1944. Prior to the year 1937 and thereafter until his death in 1944 C. F. Humphrey was the owner of an undivided one-third interest of the beneficial ownership of the fee title to the Mount Gaines Mine and following his death his widow Elizabeth F. Humphrey succeeded to and at all times pertinent hereto has remained the owner of this interest in said property. J. W. Humphrey is the son of C. F. Humphrey and Elizabeth Humphrey. Humphrey Estates is the personally owned holding company of the aforesaid Humphrey family.

XLI.

In the months of November and December, 1937 C. F. Humphrey and J. W. Humphrey, the Stockholders' Protective Committee and others ousted the Ilseng management and directors and substituted as directors J. W. Humphrey, W. S. Robinson, A. N. Logie, A. E. Logie and Rene Ruch in the case of Mount Gaines Mining Company and J. W. Humphrey, A. N. Logie, W. S. Robinson and Rene Ruch in the case of International Mining & Milling Company. These directors employed C. F. Humphrey, James H. Hogin and applicants as counsel for the

debtor corporations and authorized the filing of the petitions in these proceedings.

XLII.

Claims were filed in these proceedings by C. F. Humphrey, William P. Hubbard, James H. Hogin, J. W. Humphrey, Humphrey Estates, William B. Mead, Luther Elkins, Arthur J. Edwards, A. N. Logie, A. E. Logie, Gertrude Purcell, Sloan & Steiner, James H. Hogin, Redwine & Redwine, Agnes Boyd, Rose Fanucchi and John L. Riemer and others in an aggregate amount in excess of \$35,460.87 for services rendered and monies advanced at the instance and request of these directors. Objections were filed to these claims by the trustees and others. The claims were referred to Arthur F. Lasher as special master for hearing. Among the defenses raised by the trustee against these claims was the contention that the directors named in Finding XLI has never been lawfully elected to office and that the obligations incurred by them were illegal and void. The successful defense against these claims would have augmented the available assets and enhanced any equity of the stockholders in debtor corporations.

XLIII.

William B. Mead asserted his personal claim and appeared as counsel on behalf of the claimants C. F. Humphrey, Humphrey Estates, Gertrude Purcell and J. W. Humphrey and at all times represented the said claimants until the final disposition of their

claims in this proceeding. In the appeal taken to the Circuit Court of Appeals for the Ninth Circuit from the order of the District Judge rejecting the claim of C. F. Humphrey, William B. Mead requested and received permission from H. H. Atkinson to name the said Atkinson as associated with him in the notice of appeal and on the briefs filed on behalf of appellant in the Circuit Court of Appeals. H. H. Atkinson did not do any actual work in connection with this appeal. H. H. Atkinson joined with William B. Mead as attorneys for claimants in signing a stipulation for the settlement of the claims of C. F. Humphrey, Humphrey Estates and J. W. Humphrey filed April 22, 1947. H. H. Atkinson appeared with William B. Mead on behalf of claims in objections filed December 4, 1945 to the Special Master's Report on the claim of J. W. Humphrey and in the brief in support thereof filed April 24, 1946; in objections filed November 13, 1945 to the Special Master's Report on the claim of Humphrey Estates, Inc. and in the memorandum in support thereof filed on or about June 2, 1946.

XLIV.

In connection with the opposition by the Trustee to the aforesaid claims the Trustee procured the issuance of a show cause order on the 23rd day of November, 1942 directing Rene Ruch, J. W. Humphrey, John L. Reimer, W. Melvin Whitlock, Charles Nessler, A. N. Logie, H. K. Trask, W. S. Robinson, A. E. Logie and Arthur J. Edwards to

show cause why their election to the offices of directors of the debtor corporations should not be declared to have been illegal and void and why all of the acts, contracts and obligations performed or incurred by them as such directors should not be set aside as void. These issues were pending before this Court for determination in connection with all of the aforesaid claims until their final disposition in this proceeding.

XLV.

In the response to this order H. H. Atkinson, under instruction by said directors, appeared for all of the respondent directors and the debtor corporations and defended the validity of said elections and the validity of the acts of said directors.

XLVI.

During the month of May 1942 Mr. Mead withdrew as counsel for the committee and for the debtor corporations. He resumed these employments in May of 1944. During his absence, Mr. Luther Elkins of San Francisco, an applicant herein, was employed by the Stockholders' Protective Committee. Mr. Elkins prepared the pleadings and briefs which were signed and filed by Mr. Atkinson on behalf of the respondent directors in opposition to the order to show cause why their election should not be declared invalid.

XLVII.

In the show cause proceeding initiated by the trustee September 9, 1944 to obtain an adjudication that the lease on the Mount Gaines Mining Company had been extended for an additional period of 10 years following its expiration date on December 15, 1943, Elizabeth F. Humphrey as successor to the interests of C. F. Humphrey in the beneficial ownership in the legal title to the Mount Gaines Mine appeared through Arthur J. Edwards as counsel in opposition to the trustee and J. W. Humphrey actively assisted in the defense against the petition of the trustee. During the 3 weeks of hearings on this matter before the Judge of this Court there was pending and continued from day to day a motion filed by applicants Mead and Atkinson purportedly representing Mount Gaines Mining Company and Louis T. Milburn, a creditor, to dismiss the reorganization proceedings as to the Mount Gaines Mining Company, and to discharge the trustee. These applicants appeared daily to urge consideration of this motion which was heard and denied on the day following the conclusion of the lease extension matter. Applicants at no time supported this proceeding by the trustee.

XLVIII.

The members of the Stockholders' Protective Committee and the directors named in Finding XLIV concurred with C. F. Humphrey in a plan to cancel the original lease between the landowners

and the Mount Gaines Mining Company and to execute a new lease in favor of "bona fide" stockholders of International Mining & Milling Company, without a purchase option.

XLIX.

Findings LXXIX to LXXXIX on the application of Luther Elkins, LIII to LXI on the application of Arthur J. Edwards and LXII to LXVIII on the application of John L. Riemer expressly are referred to and incorporated as applying to this application.

L.

The court is unable to find that the representations of the Stockholders Protective Committee, of the debtor corporations, of the individuals J. W. Humphrey, C. F. Humphrey and his assignee Elizabeth F. Humphrey, Humphrey Estates as creditors in his proceeding and of the individual directors named in Finding XLI, by applicants, either separately or collectively, or in association with Luther Elkins, C. F. Humphrey or James H. Hogin, were separate and distinct representations. The Court is unable to find any true separation between the representation of the interest of C. F. Humphrey, and his successor Elizabeth Humphrey, as a landowner and as a creditor in those proceedings.

LI.

Applicants have represented conflicting interests in these proceedings barring an allowance to either

of them of compensation or reimbursements for expenses incurred in these proceedings.

Finding LII on the application of
A. G. Ilseng

On the 29th day of May, 1949 this court entered its order approving a compromise of the claims of A. G. Ilseng, Sr., et al. which included the release and satisfaction by A. G. Ilseng of any and all claims and demands of the said A. G. Ilseng for compensation for services or reimbursement for expenses incurred in this proceeding. This agreement of compromise has been performed and consummated and the claim of A. G. Ilseng for compensation and expenses in this proceeding has been satisfied and discharged.

Findings LIII to LXI on the Application of
Arthur J. Edwards

LIII.

Applicant petitions for \$2440 as compensation for services rendered and \$620 reimbursement of costs and expenses incurred in these proceedings as attorney for the Creditors' Protective Committee and for the creditors represented by this committee.

LIV.

Findings LXII to LXVIII the Application of John L. Riemer, and Findings XXXVIII to LI on the Application of Messrs. Mead and Atkinson are expressly included and referred to in connection with this application.

LV.

Prior to and during this proceeding Arthur J. Edwards has represented substantially all of a one-third interest in the beneficial ownership of the Mount Gaines Mine. During this period a portion of this one-third interest has been owned by Julian M. Edwards and Marjorie B. Edwards, son and daughter-in-law of Arthur J. Edwards and other portions thereof have been owned by James S. Hazen and Persis E. Hazen, D. R. Gustaveson, Melissa Gustaveson and Harry Lee Jones.

LVI.

On March 2, 1942 the Trustee procured the issuance of an order to show cause directed to the owners of the legal title and beneficial interests in the Mount Gaines Mine to obtain a determination that the option contained in the lease on the Mount Gaines Mining property providing for the purchase by the lessee of an undivided three-fourths interest in the property for the sum of \$50,000 has been exercised. Arthur J. Edwards personally was a respondent in this show cause proceeding and appeared therein for himself and on behalf of James S. Hazen and Persis E. Hazen and opposed this proceeding in the District Court. Had this litigation been successful, the cash in the estate would have been augmented by the refund to the estate of overpaid royalties from the landowners and the estates would have further benefitted by relief from paying 10% of the gross returns from the mine to the landowners as royalties which would have

further increased cash available for the payment of the claims of creditors.

LVII.

In the proceeding initiated on behalf of the trustee by petition and order to show cause on September 9, 1944 for a determination that said lease had been extended according to its terms for an additional period of 10 years from December 15, 1943 Arthur J. Edwards filed an answer and appeared on behalf of respondent owners of beneficial interests Harry Lee Jones, Julian M. Edwards and Marjorie B. Edwards. He actively participated before the District Judge in the trial of this controversy and appeared as counsel on the brief filed in the Circuit Court of Appeals in the appeal taken by the respondent landowners from the findings and judgment in favor of the trustee in the District Court. Had the landowners been successful in terminating this lease December 15, 1943 the estates would have been deprived of their principal asset other than cash and only substantial source of revenue.

LVIII.

At all times during the proceedings on both of said orders to show cause the amount of the claims filed in the proceedings both liquidated and not liquidated as to the amounts exceeded the amount of cash and liquid assets available for the payment of such claims and costs and expenses of administration.

LIX.

On or about July 20, 1940 Arthur J. Edwards appeared in these proceedings as attorney for individual creditors A. N. Logie, A. E. Logie, Louis T. Milburn, Gertrude Purcell, W. S. Robinson, Agnes L. Boyd, John L. Riemer, J. S. Smith, Arthur J. Edwards, F. M. Donovan, Mayowen E. Peel, Standard Wholesale Electric Company and the Creditors Protective Committee. On July 29, 1942 he appeared in proceedings on behalf of claimant Rene Ruch and at all times in these proceedings he had represented the claim of Whitlock as a creditor.

LX.

The interests of the landowners represented by Arthur J. Edwards in this proceeding were adverse to the trustee, the estates and the interests of creditors and conflicted with the interests of creditors and of the Creditors Protective Committee.

LXI.

Applicant is not entitled to the allowance of any compensation or reimbursement for expenses incurred.

Findings LXII to LXVIII on the Application of
John L. Riemer

LXII.

John L. Riemer requests an allowance of \$1000 as compensation for services rendered and reimbursement of \$100 for expenses incurred before and

during the Chapter X proceeding as Chairman of the Creditors Protective Committee.

LXIII.

Findings XXXVIII to LI on the Application of Mead and Atkinson and Findings LIII to LXI on the Application of Arthur J. Edwards are expressly referred to and incorporated on this Application.

LXIV.

The Creditors Protective Committee was the outgrowth of committees selected at meetings called by J. W. Humphrey October 18, 1937, of creditors of both companies. Prior to the commencement of the Chapter X proceeding these committees had been combined and all of the personnel had become inactive except Riemer who selected Mayowen E. Peel and one Dickason to serve with him as a committee. Mayowen E. Peel is the daughter of Arthur J. Edwards and was a creditor by virtue of a judgment obtained in her name upon an assigned claim of Arthur J. Edwards for legal services. Dickason was a representative of Standard Wholesale Electric Company, a creditor whose claim for \$508.96 was rejected by the trustee in 1940 and was not prosecuted further.

LXV.

Arthur J. Edwards and John L. Riemer first became associated through their mutual employment by C. F. and J. W. Humphrey in connection with the disputed elections in November and December 1937.

LXVI.

The committee held authorization from 33 creditors whose claims totalled \$38,159.72. Of these, eleven never filed claims on their aggregate demands of \$1600. Of the remaining authorizations, three are accounted for by the claims of J. W. Humphrey, C. F. Humphrey and Humphrey Estates, and nine others who served as directors or attorneys employed by the directors who took office by virtue of the disputed elections in November and December 1937. Of the remaining 10 authorizations, five were received from persons asserting claims arising from employment by said directors. During this proceeding there has been close association and common interest between said directors, the Creditors Committee, the Stockholders Protective Committee, the landowner interests of the Humphrey family, the landowner interests represented by Arthur J. Edwards, in defending the validity of the acts of said directors.

LXVII.

Applicant attended the initial hearing in this proceeding on August 7-8, 1939, sent out communications requesting authorizations from creditors, carried on correspondence with various individual creditors. There is no evidence showing any contribution by claimant to the administration of the estates of the debtors or to the development of any plan of reorganization.

LXVIII.

Applicant is not entitled to any compensation for services or reimbursement for expenses.

Findings LX to LXV on Application of
Chester C. Kempley

LXX.

Applicant requests compensation in the sum of \$23,499 for services rendered under orders of employment as special counsel for the trustees and as counsel under authorizations from a number of stockholders, less a credit of \$3889 for sums heretofore allowed and paid as interim compensation leaving a balance requested of \$19,610.

LXXI.

Applicant appeared in these proceedings on behalf of his law firm, Holcomb, Holcomb & Kempley, as a creditor, asserting a claim for attorneys fees for services to the debtors in the sum of \$7,323.18 which was allowed in the sum of \$4150 prior to May 17, 1941. He also appeared on behalf of the holders of more than 267,110 shares of Class A stock of International Mining & Milling Company under written authorizations. He also purported to appear on behalf of the debtor corporations, asserting employment by the Ilseng management group as directors.

LXXII.

Applicant was specially employed by the trustee under eight orders of employment based on peti-

tions filed by the trustee in compliance with Sections 157-158 of Chapter X of the Bankruptcy Act and General Order in Bankruptcy No. 44. Services under these orders related to the following matters arising in the course of this proceeding:

(a) Enforcement and collection of a promissory note held by the Trustee as an asset of the estates against Ballarat Mining Company, a corporation in bankruptcy reorganization proceedings pending in the United States District Court at Los Angeles, California, in the sum of \$5000, on which applicant was successful in obtaining \$2,700 in favor of the estate.

(b) Preparation for the trial of the case of McKelvey vs. International Mining & Milling Company, C. F. Humphrey, J. W. Humphrey, et al., a minority stockholders' suit against the directors and officers who took possession and control of the affairs of the debtor corporations as a result of the disputed elections in November and December 1937 for an accounting and restitution of misapplied funds of the estates. This case was dismissed as part consideration for the settlement of the claims of C. F. Humphrey, J. W. Humphrey and Humphrey Estates.

(c) Assisting counsel for the Trustee in opposing the appeal on the claim of C. F. Humphrey to the Circuit Court of Appeals from the judgment of the District Court denying said claim.

(d) Representing the Trustee and assisting counsel for the Trustee in the prosecution of the proceedings before the District Court in the show cause order issued in September 1944 for a determination that the lease had been extended for an additional period of 10 years.

(e) Representing the Trustee and assisting counsel for the Trustee in the appeal by the respondents in said matter to the United States Circuit Court of Appeals from the judgment of the District Court in favor of the Trustee.

(f) Preparing the response to the petition for writ of certiorari to the Supreme Court of the United States by said respondents following the affirmance by the Circuit Court of Appeals of the judgment of the District Court in said matter.

(g) Prosecuting and collecting the claim of the Trustee against a former superintendent of the mine for the restitution of money and property.

(h) Representing the trustee in the Superior Court of Mariposa County, California in Action No. 1474. therein in proceedings for the settlement of the report of Title Insurance and Guaranty Company as trustee to the legal title of the Mount Gaines Mine and the distribution and allocation among the owners of the beneficial interest therein of certain undistributed royalties.

LXXIII.

In addition to the foregoing services performed under special orders of employment, applicant cooperated with and assisted counsel for the trustee in other services as follows, all of which were rendered subsequent to the adjudication and liquidation of applicant's personal claim and were beneficial in the administration of the estate:

(a) Prosecution of the petition and order to show cause why the election of the so-called Humphrey board of directors should not be declared invalid and illegal.

(b) Review before the District Judge of the Master's rulings on a number of claims and opposing the motion of Mount Gaines Mining Company and Lewis T. Milburn, creditor, to dismiss the proceeding and discharge the trustee heard and determined March 14, 1945.

(c) Resisting certain motions presented by Messrs. Mead and Atkinson on March 16, 1946 to declare null and void certain prior orders awarding interim compensation to the trustee and his counsel, to declare the office of trustee of International Mining & Milling Company vacant.

(d) Effecting compromises of the claims of C. F. Humphrey, Humphrey Estates, J. W. Humphrey, William B. Mead, W. Melvin Whitlock, and the claim of Charles I. Rosin for personal injuries.

(e) Opposing an application by attorneys Mead

and Hubbard in Action 1646, Mariposa County, California for a nunc pro tunc order substituting them as attorneys for the debtor corporations.

(f) Appearing before the Board of Supervisors of Mariposa in July, 1944 in opposition to a resolution of intention to increase the assessed valuation of the Mount Gaines Mine.

(g) Preparation of amended objections to claims of certain creditors.

LXXIV.

In the performance of the foregoing services there was some duplication of effort between applicant and counsel for the trustee. Until its liquidation in 1941 applicant's personal claim conflicted with the interest of stockholders barring allowance of compensation for services rendered during that period.

LXXV.

For the services rendered under special orders of employment the sum of \$6200 is fair, adequate and reasonable compensation. For the other services described the sum of \$5800 is fair, adequate and reasonable compensation. Applicant is entitled to total compensation in the sum of \$12,000 and has received on account of services rendered under special orders of employment interim compensation in the total sum of \$3889. Applicant is entitled to be paid an additional sum of \$8111 as the unpaid balance. All expenses incurred by applicant have

been reimbursed pursuant to prior orders of this court.

Findings LXXVI to LXXVIII on Application of
James T. Boyd

LXXVI.

James T. Boyd requests an allowance of compensation of \$43,122 as attorney for the Trustee less credit for payments heretofore allowed and received in the sum of \$16,875 under orders of this court awarding interim compensation, leaving a requested balance of \$26,274.00.

LXXVII.

Applicant was appointed May 18, 1940, by order of this court to replace George H. Bartlett, who resigned as co-counsel for the Trustee, with John Thatcher, with whom he served until the latter withdrew on October 17, 1940. Since the last date applicant has been the sole counsel for the trustee in general employment except for a period of approximately 18 months subsequent to the 19th day of July, 1946, when applicant was assisted by George A. Green appointed as associate counsel under order entered that date. Mr. Green has filed no application for his services in this proceeding.

LXXVIII.

Applicant's principal services related to:

(a) Litigation of claims arising out of obligations incurred by the Humphrey board of directors

before the special master in Reno, San Francisco and Los Angeles in 1940 and 1941 and services in connection with settlement of certain other claims at Los Angeles during that period.

(b) Closing the settlement of a controversy and litigation involving a claim by the trustee against A. G. Ilseng and others to a one-third interest in the fee title to the Mount Gaines Mine, as a result of which the trustee obtained clear title to a one-sixth interest in the Mount Gaines Mine and one-half of approximately \$12,000 in royalty payments impounded and accumulated to the date of the settlement.

(c) Unsuccessful prosecution before the District Court and Circuit Court of Appeals of the proceeding initiated by show cause order March 2, 1942, to declare the option for the purchase of an undivided three-fourths interest to the fee title of the Mount Gaines mine, contained in the lease held by Mount Gaines Mining Company, to have been exercised.

LXXIX.

(d) Prosecution before the special master of the proceeding initiated by show cause order issued November 25, 1942, to determine the validity of the election of the Humphrey directors.

(e) Litigation before the District Judge and in the Circuit Court of Appeals on the review of the master's ruling rejecting the claim of C. F. Humphrey in the sum of \$10,000.

(f) Preparation of petition, initiation and prosecution of the proceeding under the show cause order issued September 9, 1944, for a determination that the lease on the Mount Gaines Mining Company had been extended, before the Judge of the District Court and in the Circuit Court of Appeals.

(g) Review of the master's recommendations on the claims of creditors before the Judge of the District Court.

(h) Preparation for the trial of the case of McKelvey vs. International Mining & Milling Company, C. F. Humphrey, et al., in the Superior Court of California for San Diego County.

(i) Consulting and advising with the trustee from time to time in connection with administrative and business problems; preparation of necessary petitions, applications, exhibits, briefs and other documents for use before the court in connection with the litigation and administrative and business affairs of the estates; appearances before the District Judge, Referee and Special Master in connection with administrative and business affairs of the estates; appearances in the Circuit Court of Appeals.

LXXX.

Applicant prepared and filed before the District Court and the Special Master and in the Circuit Court of Appeals not less than fifteen (15) briefs on legal issues ranging in length from four to 220 pages. Applicant devoted the greater portion of

his time to the affairs of debtor's estates from the time of his employment until the latter part of the year 1946 to these services. Applicant's health failed in the latter part of the year 1946, seriously limiting the amount of time that he was able to devote to business affairs thereafter. Applicant has rendered only nominal service since December 31, 1946, and requests no compensation for services rendered after the year 1947.

LXXXI.

Practically all of the services above described related to litigation in opposition to the owners of the majority of the fractional interest in the Mount Gaines Mine, that is to say the interest owned by C. F. Humphrey and his family and the interest represented by Arthur J. Edwards and in opposition to the board of directors which assumed control at the disputed elections in November and December, 1937, and in opposition to persons asserting claims by virtue of acts, contracts or employment by said board of directors.

LXXXII.

Following submission in 1941 to the special master of the contested claims asserted by persons claiming through the board of directors which assumed control following the disputed elections in November and December, 1947, applicant counselled the trustee against negotiations for the settlement of any of these claims and, until applicant ceased to be active

in the affairs of debtors following the year 1946, in deference to this advice no overtures for settlement of any of these claims except the claim of Whitlock were considered or acted upon by the trustee.

LXXXIII.

Finding XXXIV on the Application of George Halverson hereby is referred to and incorporated on this Application.

LXXXIV.

Having counselled the settlement of the money claims of A. G. Ilseng and A. G. Ilseng, Jr., which settlement was rejected by the referee in bankruptcy in 1941, applicant made no effort for a period of five years to cause the petition for review filed by the applicant to be heard or determined before the Judge of the District Court. During the interval additional facts bearing adversely on the merits of these claims were brought to the attention of applicant who took no action to bring these facts to the attention of the Court.

LXXXV.

Claims of A. G. Ilseng, A. G. Ilseng, Jr., and Vera Ilseng Harris for more than 500,000 shares of the Class A stock of International Mining & Milling Company, representing in excess of 25% of the issued and outstanding stock of said company, if said claims were valid, were filed prior to March 1, 1940. Applicant at no time made or advised any

opposition by the trustee to said claims although the validity of the claim of A. G. Ilseng was in issue in litigation pending at the time the reorganization proceeding was instituted and further facts and matters bearing on the invalidity of such claims were brought to his attention during this proceeding.

LXXXVI.

The Trustee finally was compelled to employ the services of special counsel to investigate, advise and act in the matters referred to in Findings LXIII to LXV, inclusive.

LXXXVII.

The matters referred to in Findings LXXXII to LXXXVI, inclusive, substantially delayed the conclusion of these proceedings, prolonged the administration of the estates, materially increased the cost thereof and detracted from the value of his other services.

LXXXVIII.

The sum of \$24,375 is fair, adequate and reasonable compensation to be allowed to applicant for his services rendered herein. He has been allowed heretofore and paid the sum of \$16,875 as interim compensation under prior orders of this court, leaving a balance of \$7,500 as additional compensation to be allowed and paid to him.

Findings LXXXIX to XCIX on Application of
Luther Elkins

LXXXIX.

Luther Elkins requests an allowance of \$3500 as compensation for services rendered as counsel for the Stockholders' Protective Committee from April 11, 1942, to May 11, 1944.

XC.

In consideration of legal services rendered and to be rendered to C. F. Humphrey to protect the interests of C. F. Humphrey and Humphrey estates in the ownership of the Mount Gaines Mine, applicant acquired on the 18th day of April from C. F. Humphrey and at all times subsequent thereto has retained a five per cent interest in all sums received by C. F. Humphrey and Humphrey Estates, Inc., whether as income or as proceeds from sale, disposition or division of the Mount Gaines mining property. In further consideration of additional services performed and to be performed under this agreement, applicant acquired on March 19, 1945, and at all times thereafter has retained an additional five per cent interest in such income or proceeds.

XCI.

On May 12, 1942, applicant was employed on behalf of the Stockholders' Protective Committee by written letter of authority from the secretary of the Committee providing "You are authorized to proceed with such legal work as may be necessary

in bringing to a conclusion the proceedings now in the hands of the Federal Court . . . in association with Mr. H. H. Atkinson of Reno, Nevada. I am this date asking Mr. C. F. Humphrey to obtain the files of our former attorney, Wm. B. Mead, in order that you may be advised fully . . .”

XCII.

At the time that he accepted this employment applicant knew that there was pending before the District Court the show cause proceeding described in Finding LVI.

XCIII.

On January 10, 1942, prior to the undertaking of this employment, applicant was employed to and did render a formal legal opinion to C. F. Humphrey to the effect that the purchase option referred to in Finding LVI had never been exercised in fact and that the purported exercise of the option on which the trustee relied had in effect permanently destroyed the enforceability of the option. The first of these questions was an issue before the District Court and Circuit Court of Appeals in the proceedings on said show cause order at all times between March 2, 1942, and July 24, 1943; the second was an issue before the District Court and the Circuit Court of Appeals in the proceedings initiated by the petition and order to show cause described in Finding XXXII. The option to purchase has at all times been a valuable asset of the estates of debtors.

XCIV.

During his employment by the Committee applicant rendered services on behalf of the Committee in opposing the show cause order issued March 2, 1942.

XCV.

Findings XXXIX to LI are referred to and incorporated as applying to this application.

XCVI.

Following termination of his employment by the Committee applicant was engaged with other counsel in prosecuting the appeal to the Circuit Court of Appeals in the lease extension controversy described in Findings XXXII, XLVII and LXXXIII.

XCVII.

Applicant performed the services described in his petition, as amended at the hearing thereon. None of the services described in applicant's petition conferred any benefit on the estates of debtors, aided in the administration thereof, or contributed to the development of any plan of reorganization.

XCVIII.

Applicant's personal interests and his commitments as counsel for C. F. Humphrey were in conflict with the interests of stockholders and adverse to the estates in reorganization.

XCIX.

Applicant is not entitled to compensation or reimbursement for expenses.

Findings C to CIV on Application of
James P. Hart

James P. Hart requests an allowance of \$57,250 as compensation for services rendered as trustee from August 11, 1939, to January 21, 1949, less \$41,562.50 previously paid as interim allowances leaving a balance of \$15,687.50, and approval of expenses incurred in the sum of \$4,564.90 for which he has heretofore been reimbursed in the sum of \$4,497.05, leaving a balance of \$67.85.

CI.

Applicant, a mining engineer, was appointed as trustee of the estates of both debtors by orders August 11, 1939, and forthwith qualified and thereafter at all times since has served in this capacity. During the period covered by his application he has had no other employment except a few jobs as consulting engineer in 1948-1949. He has had no compensation since December 18, 1947, when an order was entered granting interim compensation for a period ending June 31, 1947. Interim compensation heretofore granted has been at the rate of \$450 per month except for one short period at a rate of \$330 per month.

CII.

Applicant rendered the services described in his petition. Much of the work done was of a clerical nature.

CIII.

Applicant failed to obtain prompt and adequate legal advice and action in the matters referred to in Findings LXXIV, LXXV and LXXVI for unduly long periods of time, contributing materially to the delay in the progress of the proceedings.

CIV.

The sum of \$51,562 is fair, adequate and reasonable compensation for the services performed by applicant. \$500 has been allowed on account of this application by order entered May 21, 1949, leaving an additional sum of \$9,500 to be allowed in addition to all sums heretofore allowed. The expenses incurred by applicant have been reasonable and necessary and should be approved in the total sum of \$4,483.65 leaving a balance of \$67.85 to be paid in excess of amounts heretofore reimbursed.

Findings CV and CVI on the Application of
J. W. Warford

CV.

Applicant filed a claim in the sum of \$1,001.67 based on an order allowing that amount, as compensation for applicant's services as Referee, entered in Action 1646, Mariposa County, California, prior to the institution of these proceedings.

CVI.

Applicant produced no evidence as to the character, nature or extent of the services rendered or to

establish any direct substantial and demonstrable benefit to the estates of debtors in reorganization.

Findings CVII on the Application
of Hazel Hubbard

CVII.

Applicant, as surviving spouse of William P. Hubbard, deceased, a creditor, requests an allowance of \$800 for services rendered and \$150 for reimbursement for expenses incurred by William P. Hubbard, during his lifetime in this proceeding. The application was filed April 18, 1949, two days in advance of the time set for hearing on applications for allowances and subsequent to the giving of general notice to all creditors and stockholders by the trustee of this hearing. No notice of a hearing on this application was given.

Findings CVIII to CXI on Application of
Arthur F. Lasher

CVIII.

Applicant requests \$3,250 as compensation for services rendered and \$550 for expenses incurred as Referee and Special Master, less \$625 heretofore allowed and paid on account of compensation, leaving a total balance of \$3175.

CIX.

Applicant spent 92 days in the actual conduct of hearings on matters referred to him in this proceeding and prepared 19 reports totaling 571 pages.

CX.

Applicant's delay in reporting on a number of claims and in preparing his certificate on review from his order rejecting the first compromise of the monetary claims of A. G. Ilseng and A. G. Ilseng, Jr., contributed materially to the prolongation of these proceedings.

CXI.

The sum of \$3250, less the sum of \$625 previously allowed and paid, leaving a balance of \$2625, is fair, reasonable and adequate compensation for applicant's services. The sum of \$550 is a reasonable charge for expenses necessarily incurred. These sums should be allowed to applicant.

Findings CXII to CXVI on Application of Griswold & Vargas and Royal A. Stewart

CXII.

Applicants request \$4000 as compensation for services rendered and \$289.09 as reimbursement for expenses incurred as special counsel for the trustee under an order of appointment entered November 14, 1947, for purposes described in said order.

CXIII.

All of the services covered by the application were rendered by Royal A. Stewart, associated in this employment with applicants Griswold & Vargas.

CXIV.

Applicants devoted 525.10 hours to February 3,

1949, to investigation, study, research, advice to the trustee, preparation of petitions, pleadings, orders, depositions, in the matter of the monetary and stock claims of the members of the Ilseng family described in Findings XXXIV, LXXV. Issue was joined on all of the claims, cross-claims for large amounts were interposed and trial was begun before the Referee. During an adjournment the claims were compromised and the compromise was approved by order April 29, 1949. Services in connection with the compromise were rendered after the period covered by the application.

CXV.

These applicants took no part in the general progress of the reorganization proceedings. Finding X does not apply to them.

CXVI.

\$4000 is a fair, reasonable and adequate sum to be allowed to applicants as compensation for their services and the sum of \$289.09 for the expenses necessarily incurred is reasonable. These amounts should be allowed to applicants.

Dated this 28th day of June, 1949.

/s/ ROGER T. FOLEY,
Judge.

From the foregoing Findings of Fact the Court makes the following

CONCLUSIONS OF LAW

I.

The petition of John C. Thatcher should be denied.

II.

Applicant F. E. Brancht should be allowed the sums of \$200.00 as compensation for services and \$10.26 as reimbursement for expenses.

III.

The petition of Charles I. Rosin should be denied.

IV.

The petition of applicant George Halverson should be denied.

V.

The petition of applicants William B. Mead and Harry H. Atkinson should be denied.

VI.

The petition of A. G. Ilseng should be denied.

VII.

The petition of Arthur J. Edwards should be denied.

VIII.

The petition of John L. Riemer should be denied.

IX.

Applicant Chester C. Kempley should be allowed the sum of \$8,111.00, in addition to amounts heretofore allowed, as compensation for services.

X.

Applicant James T. Boyd should be allowed the sum of \$7,500.00, in addition to amounts previously allowed, as compensation for services.

XI.

The petition of Luther Elkins should be denied.

XII.

Applicant James P. Hart should be allowed compensation in the sum of \$10,000.00, in addition to amounts previously allowed, his expenses in the sum of \$4,564.90 and prior reimbursement of \$4,497.05 should be approved and reimbursement of the unpaid balance of \$67.85 should be allowed.

XIII.

The petition of Hazel B. Hubbard should be denied.

XIV.

The Petition or claim of J. W. Warford should be denied.

XV.

Applicants Griswold & Vargas and Royal A. Stewart should be allowed compensation in the sum of \$4,000.00 and reimbursement for expenses in the sum of \$289.09.

XVI.

Applicant Arthur F. Lasher should be allowed compensation in the sum of \$2,625.00, in addition

to amounts previously allowed, and reimbursement for expenses in the further sum of \$550.00.

Dated this 28th day of June, 1949.

/s/ ROGER T. FOLEY,
Judge.

ORDER

Upon the foregoing Findings of Fact and Conclusions of Law it is Ordered that:

1. The petitions of John P. Thatcher, Charles I. Rosin, George Halverson, William B. Mead and Harry H. Atkinson, A. G. Ilsing, Arthur J. Edwards, John L. Riemer, Luther Elkins, Hazel B. Hubbard and J. W. Warford are denied.

2. The applicants named below are allowed the amounts set forth, in addition to amounts previously allowed or reimbursed, as compensation and reimbursement in full for all services rendered and expenses incurred through the 28th day of February, 1949:

Name	Compensation	Reimbursement
F. E. Braucht	\$ 200.00	\$ 10.26
Chester C. Kempley	8,111.00	none
James T. Boyd	7,500.00	none
James P. Hart	10,000.00	67.85
Griswold & Vargas and		
Royal A. Stewart	4,000.00	289.09
Arthur F. Lasher	2,625.00	550.00

3. Expenses of James P. Hart in the sum of \$4,564.90 and prior reimbursement thereof of \$4,497.05 are approved.

4. Jurisdiction is retained to direct the time and manner of payment of the foregoing allowances which remain subject to the further order of the Court.

Dated this 28th day of June, 1949.

/s/ ROGER T. FOLEY,

Judge.

[Endorsed]: Filed July 1, 1949.

[Title of District Court and Causes.]

CERTIFICATE OF CLERK,
U. S. DISTRICT COURT

I, Amos P. Dickey, Clerk of the United States District Court for the District of Nevada, do hereby certify that the foregoing and accompanying documents and exhibits listed below, are the originals filed in the above-entitled matters, and that the copies of letters, court minutes, and docket entries are true and correct copies, and that they constitute the papers and records in connection with the Petition of Chas. I. Rosin for allowance of appeal filed in the U. S. Court of Appeals for the Ninth Circuit, with the exception of the Reporter's Transcript of Testimony, which will follow as soon as completed, viz:

Copy of letter of Chas. I. Rosin, dated July 21, 1949, to Amos P. Dickey, Clerk.

Original Debtor's Petition for Relief Under Chapter 10 of the Bankruptcy Act, case No. A-34-A;

Original Order Continuing Debtor Temporarily in Possession and Operation of its Business, etc., Case No. A-34-A;

Original Answer of Trustees Acting under the jurisdiction of the Superior Court of California, Case No. A-34-A;

Original Debtor's Petition for Relief under Chapter 10 of the Bankruptcy Act, case No. A-35-A;

Original Order Approving Filing of the Petition of Subsidiary Corporation, etc., case No. A-35-A;

Original Answer of Trustees Acting Under Jurisdiction of the Superior Court of California, case No. A-35-A;

Original Petition of Chas. I. Rosin for allowance of fees to attorney for State Trustees;

Original Supplement to Petition of Chas. I. Rosin for Allowance of Fees to Attorney for State Trustees;

Original Memo of Proposed Stipulation on Reception of Evidence;

Copy of Minutes of Court of June 13, 1949;

Copy of Docket Entries of June 13, 1949 and July 1, 1949;

Copy of Clerk's letter to counsel of June 13, 1949;

Original Findings of Fact, Conclusions of Law and Order on Application for Compensation;

Original Notice of Entry of Findings of Fact, Conclusions of Law and Order on Applications for Compensation; with Affidavit of Olive M. Cohn attached;

Rosin Exhibits Nos. 1 to 15, inc. (originals);

S. E. C. Exhibits Nos. A and B (originals).

In Witness Whereof, I have hereunto set my hand and affixed the seal of said United States District Court this 26th day of July, A.D. 1949.

[Seal] /s/ AMOS P. DICKEY,
Clerk, U. S. District Court.

[Endorsed]: No. 12331. United States Court of Appeals for the Ninth Circuit. Charles I. Rosin, Appellant, vs. J. P. Hart, Trustee in Bankruptcy of the Estates of International Mining & Milling Co., debtor and Mount Gaines Mining Company, debtor, and Securities and Exchange Commission, Appellees. Appeal from the United States District Court for the District of Nevada.

Filed August 15, 1949.

/s/ PAUL P. O'BRIEN,
Clerk of the United States Court of Appeals for
the Ninth Circuit.

At a Stated Term, to wit: The October Term 1949, of the United States Court of Appeals for the Ninth Circuit, held in the Court Room thereof, in the City and County of San Francisco, in the State of California, on Monday the fifteenth day of August in the year of our Lord one thousand nine hundred and forty-nine.

No. 12331

Present: Honorable William Healy, Circuit Judge,
Presiding.

Honorable Homer T. Bone, Circuit Judge.

Honorable William E. Orr, Circuit Judge.

CHARLES I. ROSIN,

Appellant,

vs.

J. P. HART, Reorganization Trustee of International Mining and Milling Company, a Corporation, and of Mt. Gaines Mining Company, a Corporation, Debtors, and SECURITIES AND EXCHANGE COMMISSION,

Appellees.

ORDER ALLOWING APPEAL

Upon consideration of the petition of Charles I. Rosin filed July 25, 1949, for allowance of an appeal herein, and of the objections thereto of James P. Hart, trustee, and good cause therefor appearing,

It Is Ordered that an appeal be, and hereby is allowed Charles I. Rosin herein from the orders of

the United States District Court for the District of Nevada.

It Is Further Ordered that said appellant file with the clerk of the said District Court, and serve upon counsel for appellees, a statement of points to be urged on appeal and a designation of any additional portions of the record and proceedings in the District Court—other than those already transmitted on his petition for allowance of appeal—which he deems material to the consideration of such points on appeal, and that counsel for appellees may file within ten days thereafter a designation of other additional material to be included within the transcript on appeal.

Upon the certification to this court by the clerk of the District Court of such supplemental material, briefs are to be filed by respective parties as provided by Rule 20 of this court, appellant's opening brief being due thirty days after the filing of the complete transcript.

In the United States Court of Appeals
for the Ninth Circuit

No. 12,331

CHARLES I. ROSIN,

Appellant,

vs.

J. P. HART, et al.,

Appellees.

STATEMENT OF POINTS TO BE
URGED ON APPEAL

I.

This Court, and the District Court of the United States have jurisdiction of this proceeding under authority of the Bankruptcy Act of the United States, as approved by the President on June 22, 1938.

II.

A United States District Court in a Bankruptcy proceeding should allow compensation for services rendered by Trustees, Receivers, and their attorneys in a prior proceeding involving the same subject-matter, and that the United States District Court erred in refusing to make allowance for such services.

III.

That the United States District Court erred in its Findings of Fact, Conclusions of Law, and Order thereon, as applicable to the Appellant herein, and as set out in Paragraphs XX to XXX, inclusive, of the Findings of Fact.

IV.

That the Findings of Fact, Conclusions of Law, and Order thereon, are not supported by the evidence, and are inconsistent with and contrary to the evidence.

V.

That the Order made on Appellant's Petition for fees is inconsistent with, not comparable to, and contrary to, the basis of computation on fees allowed to other attorneys for comparable services of comparable benefit to the estate, and are not at all related in any manner to the basis of computation on claims allowed for fees for services in the prior proceeding in the California State Court, or in the United States District Court.

VI.

That the Findings of Fact, Conclusions of Law, and Order are erroneous, in that it disregards the evidence with reference to office expense incurred by Appellant in maintaining an office for the transaction of business of the Trustees, as well as Appellant's business as Attorney for the Trustee.

Respectfully submitted,

/s/ CHAS. I. ROSIN,
Appellant.

Affidavit of service by mail attached.

[Endorsed]: Filed August 29, 1949.

[Title of Court of Appeals and Cause.]

REQUEST FOR AND DESIGNATION OF
RECORD TO BE PRINTED

Appellant makes the following designation of Record in the above entitled matter, which he desired to have printed, and requests that the Clerk of this Court arrange for the printing thereof:

All of the following are parts of Volume I of the Record as now in the Office of the Clerk of this Court:

(1) Petition for Allowance of Fees to Attorney for State Trustees;

(2) Supplement to Petition for Allowance of Fees to Attorney for State Trustees;

(3) Findings of Fact, Conclusions of Law, and Order thereon on Applications for Compensation;

(4) Order of the Superior Court of the State of California in and for the County of Mariposa, dated May 9, 1938, appointing Trustees (Exhibit I);

(5) Order of the Superior Court of the State of California in and for the County of Mariposa, dated September 5, 1938, appointing Appellant as Attorney for Trustees (Exhibit IV);

(6) Letter from Judge Trabucco to Appellant, dated May 25, 1938 (Exhibit II).

/s/ CHAS. I. ROSIN,

Appellant in Propria Persona.

Affidavit of service by mail attached.

[Endorsed]: Filed November 8, 1949.

No. 12331.

IN THE

United States Court of Appeals

FOR THE NINTH CIRCUIT

CHARLES I. ROSIN,

Appellant,

vs.

J. P. HART, Trustee in Bankruptcy of the Estate of INTERNATIONAL MINING & MILLING Co., debtor, and SECURITIES AND EXCHANGE COMMISSION,

Appellees.

OPENING BRIEF OF APPELLANT.

CHAS. I. ROSIN,

408 South Spring Street, Los Angeles 13,

Attorney for Appellant.

FILED
JAN 12 1930

PAUL P. O'BRIEN

TOPICAL INDEX

	PAGE
Statement of jurisdiction.....	1
Statement of the case.....	3
Specification of error.....	9
Point I. The order of the court based on the conclusion that the services of appellant did not confer upon the estate of the debtors any direct, substantial and demonstrable benefit is not supported by the evidence.....	10
Point II. In passing on the right to compensation, of appellant as attorney for trustee in a prior proceeding, the court has erroneously failed to apply the law as stated in Section 258 of the Bankruptcy Act pertinent thereto and has in error applied provisions of the law pertaining to attorneys acting in different capacities than that of appellant.....	17
Point III. The order of the court based on the holding that appellant was not authorized to appear in the United States District Court for the State trustees, was not supported by and is contrary to the evidence, and is based on an erroneous premise of law that an attorney must first offer proof to the court that he has authority to appear for his client, that the finding upon which such holding is based is inconsistent with itself and with other findings.....	20
Point IV. That the order disallowing fees to appellant is arbitrary, inadequate, not supported by and contrary to the evidence, and is not based or measured by the same or any standard comparable to that on which allowances and orders for fees, were made on petitions of other attorneys.....	24
Point V. The findings of the court are inconsistent, speculative and indefinite	30
Point VI. The findings of fact are not supported by the evidence	32
Conclusion	33

TABLE OF AUTHORITIES CITED

CASES	PAGE
Booth v. Fletcher, 106 F. 2d 676.....	23
Cleaning and Pressing Co. v. Hollywood Laundry, 217 Cal. 131	31
Cross v. Leverich Realty Corp., 41 F. 2d 797.....	19
Feldman v. Commercial General Life, 78 F. 2d 838.....	23
Horowitz v. N. Y. Life Ins. Co., 80 F. 2d 295.....	32
Memphis St. Railway, Matter of, 11 Fed. Supp. 682.....	18
Nason v. Shinjo, 237 Pac. 557.....	31
Rose v. Standard Trailer, 33 A. 2d 504.....	29
United States v. Admiral Refining Co., 146 S. W. 2d 830.....	19
United States v. Insurance Co. of North America, 173 F. 2d 53	22
Veeder v. Public Service Holding, 51 A. 2d 321.....	29

STATUTES

Bankruptcy Act, Sec. 241	2, 17
Bankruptcy Act, Secs. 241-259.....	2
Bankruptcy Act, Sec. 242.....	2
Bankruptcy Act, Sec. 243	2, 17
Bankruptcy Act, Sec. 250.....	2
Bankruptcy Act, Sec. 258	2, 9, 17, 18

TEXTBOOKS

45 American Jurisprudence, Sec. 288, p. 223.....	29
6 Corpus Juris, p. 633.....	23
6 Corpus Juris, p. 635.....	23
7 Corpus Juris Secundum, p. 875.....	23
7 Corpus Juris Secundum, p. 876.....	23

No. 12331.

IN THE

United States Court of Appeals

FOR THE NINTH CIRCUIT

CHARLES I. ROSIN,

Appellant,

vs.

J. P. HART, Trustee in Bankruptcy of the Estate of INTERNATIONAL MINING & MILLING Co., debtor, and SECURITIES AND EXCHANGE COMMISSION,

Appellees.

OPENING BRIEF OF APPELLANT.

Statement of Jurisdiction.

This is an appeal from an Order made by the United States District Court for the District of Nevada, disallowing attorney fees to appellant who appeared as attorney for Trustee in a California Superior Court proceeding, which was superseded by this action in the United States District Court for reorganization of a corporation under Chapter X of the Bankruptcy Act. Appellant here appears in *propria persona* as the attorney who represented the said State Trustees in the Superior Court of California. That upon the filing of Petition for Reorganization of the corporations in the United States District Court under Chapter X of the Bankruptcy Act of the United States, as amended, the said United States District Court obtained jurisdiction of this action.

Reference is here made to the following pleadings:

Petitions for Relief under Chapter X of the Bankruptcy Act and Orders made thereon.

Petition for Appellant for Attorney Fees.

Findings of Fact, Conclusions of Law and Orders thereon.

All of the above are contained in Volume I of the record on appeal, the latter two being part of the printed Appendix.

Volume II of the record on appeal is the transcript of testimony on behalf of appellant's petition, given in the United States District Court.

The United States District Court had jurisdiction of this proceeding and of the matter of allowance of compensation to attorneys in this and in prior proceedings and of the Petition filed by petitioner for compensation as attorney for Trustee in the prior proceeding and in this proceeding and this Honorable Court has jurisdiction of the appeal of this petitioner.

Article XIII and Article XIV of the Bankruptcy Act as amended, including Sections 241 to 259, inclusive, covers the subject matter of jurisdiction of the trial court to entertain petitions for allowance of compensation to attorneys in the proceeding under the Bankruptcy Act and in prior proceedings, and particularly Sections 241, 242 and 243, of Article XIII, and Section 258 of Article XIV, which makes provision for compensation for services rendered in a prior proceeding. Section 250 of Article XIII provides for the taking of appeals in matters of law and fact from orders making or refusing to make allowances of compensation and allows the taking of appeals independently of other appeals in the said proceeding.

Statement of the Case.

In May of 1938 there was pending in the Superior Court of the State of California in and for the County of Mariposa, an action numbered 1646 and entitled *Andrew M. Logie v. Mount Gaines Mining Company, et al.* There were at that time two groups of persons attempting to direct the affairs of the corporations in question, to wit: the Mount Gaines Mining Co. and the International Mining and Milling Company. One of these groups was directed by Charles F. Humphrey, a lessor of the mining property in question, and the interests of the plaintiffs in the action were with the Humphrey group. The action against the defendants was directed against A. G. Ilseng, who was the president of the corporation, the organizer thereof, and the largest stockholder. At the time the suit was commenced, A. G. Ilseng and a Board of Directors supporting him, were in charge of the affairs of the corporations. That during the pendency of the suit, the affairs of the corporations had been taken over by, and on May 9, 1938, at the time the Order of the Court was made appointing the Trustees, charge of the affairs of the corporations was, in the hands of the Humphrey group, represented by the plaintiff in the said action. By reason of the opposition of the two groups and the jeopardy of the affairs of the corporations resulting therefrom, the Court on May 9, 1938, relieved Charles F. Humphrey and his group from the management of the affairs of the corporation and placed the same in the hands of three Trustees, C. B. Buxton, H. K. Trask, and A. V. Udell. (The only survivor is C. B. Buxton, the other two being deceased.) The International Mining and Milling Company was at all times a mere holding company, holding the stock of

the Mount Gaines Mining Company, and the Mt. Gaines Mining Co. was the corporation actively engaged in mining operations under a lease held by the corporation from the mine owners, Charles F. Humphrey and others.

On May 9, 1938, Judge J. J. Trabucco, of the Superior Court of the State of California, in and for the County of Mariposa, made the order appointing the three Trustees, who immediately took charge of the affairs of the corporations. Within a few weeks thereafter, the Trustees employed the appellant as their attorney, to act for them in all matters pertaining to the trusteeship. During the period of the trusteeship the Humphrey group was active in making efforts to cancel out the lease held by the Mt. Gaines Mining Co., to obtain a discharge of the Trustees and have the management of the property revert to them, and when not successful in this, encouraged claimants to file suits against the corporation, have officers of the Humphrey Board of Directors served with process and permit default to be taken, so that judgment, liens, and executions may be filed against the corporations. Appellant, on each of these occasions, took steps to restrain Charles Humphrey and his group from proceeding and successfully prevented him from carrying out any of these plans. During the pendency of the trusteeship, the Trustees discovered that Charles Humphrey, during the time he was in charge of the affairs of the corporations, expended substantial sums of money for attorney fees, items of expense and other charges in his effort to maintain a hold and grip upon the affairs of the companies, and had charged all these items to the corporations. Appellant worked on these accounts with the Trustees, and the Trustees finally instructed appellant to file suit for the

recovery of the money and complaint was prepared by appellant and filed, but was later withdrawn upon advice of Judge Trabucco, who suggested that it would not be advisable at that time to entail the expense of litigation. During the pendency of the State Trusteeship, an action was filed by one Gustavason, one of the landowners, in the nature of a quiet title against the Mt. Gaines Mining Company. That no complaint was served on the Trustees, and appellant has no knowledge as to whether same was served on the Humphrey group of directors or officers. When the matter of this complaint came to the attention of appellant, he prepared an answer and cross-complaint, and served the same on the plaintiff, but before the original copies were filed in court, the action was dismissed by the plaintiff.

During the trusteeship, which continued for approximately a year, the appellant's office was the office of the Trustees, and all the business affairs of the corporation on behalf of the Trustees, excepting the operation office maintained at the mine itself, was handled by the appellant. That upon the filing of the petition in the United States District Court in the Reorganization Proceedings, under Chapter X, on June 30, 1939, and upon the Order of the Court entertaining the petitions, the affairs of the corporations were turned over to the United States District Court Trustee, who handled the affairs of the corporations for a period of approximately ten years, and that within the past several months the said Court entertained a petition to put the said corporations in bankruptcy, and they were so adjudicated.

That appellant's petition, at the time of hearing, was one of approximately seventeen petitions for compensation

for hearing on which the Court allowed two days by reason of congestion of his calendar, and appellant, and his witness, consumed about half of that time in introducing his evidence. No evidence was introduced against appellant's petition.

At the outset of the hearing on petitions for compensation, when the same were heard, a statement was read by Mr. Tucker, attorney for the Securities and Exchange Commission, to which all attorneys agreed and consented, and which was approved by the Court, by which all allegations in all of the petitions of all of the claimants and petitioners for compensation for services were agreed to be considered as if testified to and evidence on behalf of petitioners. This is in conformity with a typewritten statement previously distributed by Mr. Tucker, attorney for the Securities and Exchange Commission, to all of the attorneys making claims for compensation, and is in approximately the same language. The allegation of appellant's petition was therefore considered as evidence on his behalf. No written pleadings or affidavits refuting appellant's allegations of his petition were ever filed, and no testimony or evidence was introduced at the hearing in an effort to disprove the allegations of the petition or the testimony as given by appellant on the witness stand.

Approximately half a year before the petitions in the United States District Court were filed, the California Superior Court at Mariposa made an interim allowance to appellant as attorney for the Trustees in the amount of \$500. In the Findings of the District Court, it is stated

that the \$500 allowed was for the appearance of Oct. 3rd, 1938. As to all other services rendered including numerous matters on which appellant appeared in Court from Oct. 3rd, 1938 to June 30, 1939, the Court denies any allowance for the reason that "No direct benefit resulted to the estate." The Court does not indicate the differentiation in the direct benefit to the estate between the one appearance on Oct. 3rd, 1938 and all other later appearances. The Court has arbitrarily applied the \$500 allowance to the Oct. 3 appearance. It is difficult to find the distinction wherein the appearance of Oct. 3 on an order to show cause why certain persons should not be restrained from action to cancel the lease, is a matter of direct benefit to the estate and why none of the following instances of proceedings brought and proceedings defended and appearances thereon, are of benefit to the estate:

Bringing Order to show cause against *de facto* officers of the corporations, why they should not inform the Trustees of process served upon them so that Trustees may defend proceedings thereon, where the said *de facto* officers had been in collusion with creditors and others to have judgments and executions levied against the corporations by service of process on them.

Extended research and preparation of answer and cross-complaint on action against the corporations to quiet title to the lease under which the corporations operated.

Negotiations and conferences resulting in compromise of undisputed claims against the corporations at

a saving of approximately \$2,000, and obtaining an order of Court approving said compromises.

Successfully resisting motions to dismiss the proceeding in which the Trustees were appointed. Order of June 1947.

Preparation of action for accounting against one of the lessors of the property operated by the corporations, the data and information for which was later used in accounting action for the benefit of the District Court Trustee.

Preparation of current account of the Trustees and obtaining approval of Court thereon.

Appearance before the Superior Court at San Francisco to resist suits on claims filed by collaborators of the *de facto* officers of the corporations and on which process had only been served on such *de facto* officers.

Appearing in Court and successfully resisting motion to discharge the Trustees.—Order of Mar. 20, 1939.

Appearance in Court and successfully resisting motion to vacate appointment of Trustees.—Order of June 5, 1939.

Appearance in Court on Order to show Cause by Reimer and Edwards why their claims should not be allowed. (Note: These matters after argument were not acted upon, but are the claims on which later service of process was later collusively made on *de facto* officers on action filed in San Francisco, and on which appellant appeared at time of trial in San Francisco above referred to.

Specification of Error.

I. That the Order of the Court based on the Conclusion that the appellant's services did not confer upon the estate of the debtor any direct, substantial and demonstrable benefit, is not supported by, and contrary to the evidence.

II. That whereas appellant's petition for compensation should be acted upon under the provisions of Section 258 of the Bankruptcy Act, the Court has failed to consider the petition under the law applicable thereto, and has erroneously based its Order on other provisions of the law pertaining to attorneys acting in different capacities than that of appellant.

III. The Order of the Court based on the holding that appellant had no authority to represent the State Trustees in the United States District Court, is not supported by the evidence, contrary thereto and contrary to the Court's own Finding [Finding XXVIII], is based on an erroneous premise of law, and that the said Finding XXVIII on which the Order is made, is inconsistent in itself and with other findings.

IV. That the Order of the Court disallowing fees to appellant is not supported by the evidence, contrary to law, is an order arbitrarily made without regard to law or evidence, and the petition is not judged by the same standards as applied to petitions for fees by other petitioners.

V. That the Findings of Fact are inconsistent in themselves, indefinite and speculative.

VI. That the Findings of Fact are not supported by the evidence.

POINT I.

The Order of the Court Based on the Conclusion That the Services of Appellant Did Not Confer Upon the Estate of the Debtors Any Direct, Substantial and Demonstrable Benefit Is Not Supported by the Evidence.

The Findings pertaining to appellant's petition are contained in paragraphs XX to XXX inclusive [App. pp. 47 to 51, Incl.] Finding XXV [App. p. 49] reads as follows:

"The Court does not find that any of the other services described in the applicant's petition for compensation performed prior to June 30, 1939, conferred upon the estates of the debtors in reorganization any direct, substantial and demonstrable benefit."

These services covered the major portion of a year where the office of appellant handled most of the business of the Trustees and was their only office and in which matters appellant was engaged, devoting a large share of his time thereto besides carrying the office expense of the Trustee's business as part of his services. In addition to this he brought numerous proceedings and defended many on behalf of the trustees and made a considerable number of appearances in Court in connection therewith.

In this proceeding, there being no pleading denying the matters stated in appellant's petition, and no evidence introduced disputing the same, and the Court not finding that the services were not rendered as stated, but merely that no direct benefit resulted to the estate, it must be presumed that the Court in its finding assumed that the services had been rendered. That being the case, the question to be determined is whether the conclusion of the Court that such services brought no direct benefit to the estate, is supported by the evidence.

Excluding the services rendered by appellant from May 1938 to September 2, 1938, during which period of time

the Court finds that appellant was not employed by the trustees, the following enumeration of services speaks for itself as to whether the services were of direct benefit to the corporations.

Appellant's petition [App. pp. 11 and 12], and testified to as shown in Reporter's Transcript of Appellant's testimony [Vol. II of the Record on Appeal], page 13, line 17, to page 15, line 19; page 25, lines 12 to 19, and page 27, lines 3 to 15. This refers to actions which were commenced against the corporations and in which the Trustees were not served, but in which the Humphrey group of directors were served, and in which appellant obtained an order from Court for the said directors to notify Trustees of such process to avoid judgments being rendered against corporations without knowledge of Trustees. This included the investigation and conferences and affidavits procured and made, wherein it was discovered that Humphrey was negotiating with the plaintiffs on Knowles' claim to have judgment rendered against the corporations, and wherein Humphrey was negotiating to buy the Atlas Powder Co. claim so that he may use it to levy against the corporations, and the order made by the Court upon presentation of these facts.

[Rep. Tr. of Appellant's testimony, p. 15, line 22, to p. 20, line 13]: With reference to conferences, research and preparation of a 13 page answer and cross-complaint [Ex. 9, Vol. I of Record] by appellant in reply to a 22 page complaint by Gustaveson [Ex. 10, Vol. I of Record] in an action filed by him in Mariposa County against the corporations. This is set out in appellant's petition [App. p. 15].

[Rep. Tr. of Appellant's testimony, p. 22, line 7, to p. 27, line 15]: Setting out the many conferences with

Trustees and with claimants regarding settlement of undisputed claims and final settlement at a saving of approximately \$2,000 and obtaining order of Court approving same [Vol. I, Ex. 11]. This is set out in appellant's petition [App. pp. 16 and 17.]

[Rep. Tr. p. 27, line 16, to p. 28, line 8]: This is regarding motion made by the Humphrey group to vacate the order appointing the trustees, which appellant successfully resisted and on which after hearing in Court the motion was denied [App. p. 11].

[Rep. Tr. of Appellant's testimony, p. 37, line 7, to p. 38, line 2]: Page 38, line 2 states, "The Court later granted the motion," this is a stenographic error, it should read "The Court later denied the motion." (Respondents, we do not believe will dispute the fact.) This relates to preparation by appellant on resisting motion in June 1947 to vacate and discharge the State Trustees, and to dismiss Superior Court action 1646. This is referred to in appellant's petition [App. p. 14].

As shown by the record this matter took many days of research by reason of the fact that according to the reading of the California statute the movents were entitled to a dismissal as a matter of right by reason of the lapse of more than five years without the action coming to trial. The law as found on research however developed this instance as an exception to the rule. The matter included travel to Mariposa, arguing the motion and travel returning to Los Angeles. According to the Findings this is included in the alleged services which brought no direct benefit to the estate. However, on application of F. E. Braucht for services in the same matter, who (unknown to appellant) was employed by the trustee in this proceeding, the Court found the resistance of the motion by

Braucht, of service to the estate [though he took no part in argument before the Court—Rep. Tr. p. 38, lines 5 to 11], and he was ordered an allowance therefore [Findings XVII to XIX; App. pp. 46 and 47].

[Rep. Tr. p. 46, line 6, to p. 47, line 12]: This is in reference to time spent in preparing an action for accounting against Humphrey which was filed on Order of Judge Trabucco, but which order was later vacated and action ordered dismissed by the Court for the reason as therein stated that the Court did not desire to burden the estate with the cost of litigation [Ex. 15, Vol. I of Record], and the data compiled for this accounting by appellant was used by the respondent Trustee herein in a stockholder's suit against Humphrey [Appellant's Pet., App. p. 15, and Rep. Tr. p. 47, line 26, to p. 48, line 5], and for which services in said action, compensation was allowed to the attorneys appearing therein [Finding LXXIIb and LXXIXh; App. pp. 69 and 75], though no recovery was made.

[Rep. Tr. p. 51, line 18, to p. 52, line 7]: With regard to accounting for trustees prepared by appellant with the aid only of the bookkeeper at the mine with whom appellant spent two days, and which account was filed and approved by the Court. This is referred to in appellant's petition [App. p. 13].

[Rep. Tr. p. 34, line 24, to p. 37, line 6]: This is in reference to two actions filed by Reimer and Edwards respectively, against the corporations and in which the trustees had never been notified but the Humphrey group of officers had been served, and of which appellant learned on the Friday before the Monday the trial was set for in San Francisco, and on which appellant immediately left for San Francisco to resist the actions in the Superior Court, being away from the office for several days. The

reference to this in appellant's petition is Appendix, page 12.

[Rep. Tr. p. 48, line 24, to p. 49, line 12, and p. 42, lines 1 to 13]: Setting out the interviews with and appearances before Judge Schottky, the Judge in the matter in which appellant appeared for the Trustees and the appearances before him during the year 1939. The reference to this in appellant's petition is Appendix, page 18.

[Rep. Tr. p. 20, lines 9 to 13; p. 50, lines 12 to 16; p. 70, line 24, to p. 71, line 11; p. 73, lines 9 to 24; p. 74, lines 13 to 17]: This sets out the work out of Court performed by appellant and the devotion of a large part of his office time and facilities of his office to the business of the estate, and that this out of Court and office service consumed considerably more time than matters of litigation and was the only office of the trustee. Reference to this service is made in appellant's petition [App. p. 7].

Finding XXV [App. p. 49] to the effect that no direct benefit resulted from these services, is more of a conclusion than a finding. The finding by inference at least, being that the services were performed, the Order of the Court denying compensation on the ground that no direct benefit accrued, cannot be justified except as an arbitrary determination without any regard to the evidence. Appellant hesitates to refer to a Court's ruling or Order as arbitrary, but we cannot see how any other conclusion can be reached where the nature of the services is so evident and where the direct benefit to the estate so apparent, and where the direct benefit to the estate was not questioned in the making of allowances to other counsel, some of which represented interests other than those acting as an arm of the Court.

By Finding XXIII, XXV and XVI it is quite clear that the Court found that the \$500 previously allowed was

in compensation for only one proceeding in which appellant appeared in Court, between September 2, and October 3, 1938. This makes it quite definite that none of the other services rendered above set out, which do not include said proceeding were compensated for or allowance made thereon. If Respondent contends that the services were of no direct benefit, may we inquire of him here if the procedure that he, as a Trustee, would have followed would have been to stand by and not oppose the move to terminate the trusteeship, to discharge trustees, to permit collusive judgments and liens to be entered against the corporations, to do nothing about an action pending to quiet title to the company's lease, whether served with process or not, knowing of the collusive conduct of those who might have been served, would he have done nothing and content himself to remain in ignorance of actions filed while service is made on *de facto* officers who plot to put the corporation into financial difficulties; would he have failed and refused to take advantage of settling undisputed accounts at a saving of approximately \$2,000, would he have failed to file current accounts of trustees, would he have conducted his trusteeship on guesswork as to his legal rights and refused to obtain the advice and aid of legal counsel.

In further reference to the services rendered by appellant as attorney for the trustees, the record in the said action and in this proceeding shows that upon the State Trustees assuming office and appointment of appellant as their attorney, the charges and allowances made to attorneys and others in the action, for fees, ceased; that the treasury was kept intact and protected from such encroachments. Prior to the appointment of the State Trustees and appellant as its attorney as shown by the proceedings in the United States District Court on August

7 and 8, 1939 [Tr. thereof, p. 59, Vol. III of the record on appeal] such sums as the following had been withdrawn for fees and expenses:

J. W. Humphrey	\$4,103.13
C. F. Humphrey	2,519.43
Attorneys Hubbard and Hogan	1,665.00
Letters to stockholders	2,093.00

Volume I of the record on appeal contains a letter dated August 27, 1938, written by attorney William H. Hubbard, attorney for plaintiff in Action No. 1646, the action in which the Trustees were appointed. In addressing Mr. Reimer, the accountant he states: "Trask's attitude is to pay no more attorney fees, but he can't get away with that with me." However, the Trustees did, and no more fees were paid to him, but the U. S. District Court took it upon itself to allow Hubbard and Hogan an additional \$15,000 on his claim for services rendered in said action, where he represented the Humphrey group and brought nothing into the estate except litigation, represented parties who attempted to cancel the lease, discharge the Trustees and who connived with claimants to have executions levied against the corporations.

It was the duty of the appellant as attorney for the Trustees to prevent if possible the pilfering of the treasury. The record will bear out that withdrawals such as the above did not occur during the period of time that appellant represented the trustees. It may further be added that withdrawals on account of administrative expense during the period of State Trusteeship was kept down to a minimum and that excepting for granting the allowance for the taking of depositions, the interim allowance of \$500 to appellant, and Trustees traveling expense, practically the only moneys paid out were the salaries of the Trustees in the amount of \$5,850.

POINT II.

In Passing on the Right to Compensation, of Appellant as Attorney for Trustee in a Prior Proceeding, the Court Has Erroneously Failed to Apply the Law as Stated in Section 258 of the Bankruptcy Act Pertinent Thereto and Has in Error Applied Provisions of the Law Pertaining to Attorneys Acting in Different Capacities Than That of Appellant.

The refusal of the Court to make allowance to appellant as shown by the findings is that such services as were rendered were not of direct and substantial benefit to the estate, and places the attorney for the receiver in the same category as attorneys for individuals and committees who must affirmatively show the direct benefit accruing to the estate. In this the Court is in error. An attorney for a receiver in a prior proceeding acts in the capacity of representing the representative of the estate and an arm of the Court. His compensation is not dependent upon whether he succeeds in the prosecution or defense on behalf of the receiver, but rather on his effort and diligence in the performance of his duties. Section 258 of the Bankruptcy Act specifically provides for the payment of the reasonable costs and expense of the receivership, putting such expense and costs in the same class as that incurred by a trustee in bankruptcy.

Bankruptcy Act, Sec. 258.

This section (258 of the Bankruptcy Act) reads very similar to Section 241 of the Act providing for allowances to a referee, special master, trustee and his attorneys, attorney for the debtor and for petitioning creditors.

In error the Court applied Section 243 of the Bankruptcy Act as the basis on which to make its order on the

matter of allowance of fees to appellant, wherein the basis of allowance is whether the services contributed to the formation of a reorganization plan or were beneficial to the estate. Section 258 of the Act under which compensation is here claimed makes no such condition as a requirement for compensation. If the services under this section were the subject of a necessary expense of the receiver, they become the subject of compensation. In the instant case the Court did not say that the services rendered were not necessary in the proper performance of the duties of the receiver and the denial of allowance is made in disregard of such necessity. The question as to the right of an attorney for a receiver in a prior proceeding to compensation for services necessary in the performance of the duties of the receiver appears to never have been raised as a search of authorities does not reveal any case where the subject was under discussion. However, the following cited case takes the right of the receiver's attorney to compensation, as a matter of course, and does draw the distinction between such an attorney and one representing other parties who must show a direct benefit to the estate:

Matter of Memphis St. Railway, 11 Fed. Supp. 682.

"The receivers and the attorneys for the receivers are of course entitled to fee allowances to be determined by the Court because these gentlemen are acting as arms of the Court. The debtor corporation is also entitled to the benefit of counsel in its own interest. It is therefore proper for the Court to allow a fee to the debtor's attorney.

"Any other fee allowances are not required by the statute, Sec. 77B and are not in equity to be allowed by the Court out of the funds of the debtor corpora-

tion being administered in insolvency proceedings or in bankruptcy unless the service for which fee allowances are claimed were authorized by the Court before they were rendered, or are found by the Court to have been rendered by the claimants in an entirely disinterested manner for the benefit of the estate as an entirety.”

In the following case too, the Court makes allowance to a receiver's attorney not on the basis of direct benefit to the estate but on the fact that the receiver required the assistance of counsel:

Cross v. Leverich Realty Corp, 41 F. 2d 797.

“Likewise since he (the receiver) required the assistance of counsel and since that item of expense was not included in administration expense, he should likewise be allowed a reasonable fee for counsel.”

The case cited below, though not a proceeding in bankruptcy, in discussing the right of a receiver's attorney to compensation, places such right in the same category as that of the receiver:

United States v. Admiral Refining Co., 146 S. W. 2d 830, at 831, Texas.

“In *Hickey v. Parrot Silver & Copper Co.*, 32 Mont. 143, 79 Pac. 698, 701, 101 Am. St. Rep. 510, applicable here it is stated: ‘The considerations that should be controlling with the Court in fixing compensation are the value of the property in controversy, the practical benefits derived from the receiver's efforts and attention, the time, labor and skill needed or expended in the proper performance of the duties imposed and their value measured by the common business standards, and the degree of activity, in-

tegrity and dispatch with which the work of the receivership is conducted. 53 Corpus Juris 386, Sec. 629. The measures to be weighed in fixing attorney fees in receivership proceedings are to a large extent the same which are considered in fixing the receiver's fees. In fixing the allowances to either, the governing principle is that the compensation so allowed should be measured by the reasonable value of their services rendered. *Pink v. State*, Tex. Civ. App. 105 S. W. (2) 265, 271; 53 Corpus Juris p. 378, Sec. 641, P. 380, Sec. 617; 7 Corpus Juris Sec. Atty. and client, Sec. 191, pages 1080, 1081.'"

POINT III.

The Order of the Court Based on the Holding That Appellant Was Not Authorized to Appear in the United States District Court for the State Trustees, Was Not Supported by and Is Contrary to the Evidence, and Is Based on an Erroneous Premise of Law That an Attorney Must First Offer Proof to the Court That He Has Authority to Appear for His Client, That the Finding Upon Which Such Holding Is Based Is Inconsistent With Itself and With Other Findings.

The Court says in Finding XXVIII [App. p. 51]: "This Court has at no time determined the authority of applicant to appear as attorney in these proceedings as attorney for State Court Trustees." The fact that the Court entertains such appearance and recognizes him as such during the proceedings, assumes that he is rightfully in Court. An attorney appearing for a party in a proceeding is presumed to be rightfully in Court representing his client, unless the contrary is shown. Here there is no evidence to the contrary. The finding of the Court that

“The Court does not find ‘that applicant was authorized to appear or represent the State Court Trustees in these proceedings’” is not a Finding at all. The language so states: “The Court *does not* find.” It does not say “The Court finds that the ‘Applicant was not authorized’ or ‘That applicant was authorized.’” It is left in the air the same as Finding XXV, later referred to. The Finding states “Applicant has not produced any documents or other indication of authority to act in these proceedings signed by State Court Trustees Udell & Logie. We do not understand the law to be that an attorney in Court is required to show written authority to appear, when not demanded of him, and why did not the Court so demand it if in doubt. Assuming for the purpose of the presentation here that the Finding means “Applicant was not authorized,” such Finding is without any support. The Finding in paragraph XXVII negatives Finding XXVIII. It states that at the outset of these proceedings appellant appeared before the Court, filing an Answer for the State Court Trustees. Farther on, it states: “Appellant on January 26, 1940, filed a Notice of Appearance for State Court Trustees and that on March 26, 1942, Appellant filed a report of the State Court Trustees.” The Court having at all times entertained the appellant before it as the attorney for the State Trustees and never having made any order or ruled to the Contrary, the same Court is not in position in its Findings to now assert that appellant did not represent or appear for the said Trustees. It is true as stated in the Findings that on November 17, 1939, appellant filed a motion for instruction to Buxton, one of the Trustees with respect to filing a closing report. The fact that that instruction was requested for Buxton to so file, is not any evidence that appellant was not attorney for the Trustees. Finding XXVIII is erroneous

and contrary to the evidence and contrary to the Court's own finding in stating that "In all matters applicant has sought to appear before this Court he has indicated only authorization by State Court Trustee Buxton." This is contrary to Finding XXVII [App. p. 50] stating that appearances were made for all the Trustees and that Notice of appearance was filed for all the Trustees.

An instruction to an attorney to appear for a trio of trustees need not necessarily be given by each trustee and an attorney is entitled to proceed on instruction of one unless he has knowledge that it is contrary to the wishes of the other trustees.

We may further add that the record shows that on June 10, 1942 [Vol. III of Record, Tr. of proceedings], when appellant was before the Court on motion for leave to file a Final Account, Mr. Udell, one of the other Trustees was present and took part in the proceeding and that no contention was made by Mr. Udell that petitioner did not represent the Trustees in Court.

To support our contention that an attorney in Court is presumed to represent his client unless the Court determine the contrary, we refer to the following authorities:

United States v. Insurance Co. of North Amer., 173 F. 2d 53, at 56:

"It is true that ordinarily there is a presumption that an attorney at law who appears in regular manner on behalf of a party litigant has authority to do so and one who would successfully challenge his authority must present substantial proof that the authority is lacking."

Feldman v. Commercial General Life, 78 F. 2d 838, at 840:

“An appearance by a practicing attorney creates a presumption that he has authority to act and the law casts the burden of proving the contrary upon the one asserting it.”

Booth v. Fletcher, 106 F. 2d 676, at 683:

“Even in such a case, however, the presumption is that an attorney at law who appears in a regular manner on behalf of a litigant has authority to do so and one who would successfully challenge his authority must present substantial evidence that authority is lacking in order to strike a pleading from the files. While it is true in such a case the Court has power to require an attorney, one of its officers, to show his authority to appear, this is not an arbitrary power which permits the Court completely to disregard the presumption of authority previously stated.”

6 *Corpus Juris*, p. 633:

“In other words, the authority assumed by an attorney at law to act for a party in Court is valid until disproved, not void until proved.”

6 *Corpus Juris*, p. 635:

“The authority of any attorney to represent his alleged client cannot ordinarily be questioned at the trial or in an Appellate Court.”

7 *Corpus Juris Sec.*, p. 875:

“There is a presumption that an attorney at law as an officer of the Court in general is duly authorized to act for a client whom he professes to.”

7 *Corpus Juris Sec.*, p. 876:

“Thus there is a presumption that an attorney who appears for a party in an action or litigation has authority to do so unless the contrary is shown.”

POINT IV.

That the Order Disallowing Fees to Appellant Is Arbitrary, Inadequate, Not Supported by and Contrary to the Evidence, and Is Not Based or Measured by the Same or Any Standard Comparable to That on Which Allowances and Orders for Fees, Were Made on Petitions of Other Attorneys.

Though the Humphrey group of attorneys representing the plaintiff in Action No. 1646 in the State Court were in no wise appearing as attorneys for any officer of the Court and were merely attorneys for litigants in a civil action, and which services brought nothing into the corporations or into the estate in the said State Court proceeding, on claims filed by them in this Court, based on services performed in the State Court proceeding, as attorneys for one of the litigants, and in addition to the allowances previously made by the State Court to said attorneys, before the appointment of the State Trustees, the United States District Court allowed this group of attorneys representing the plaintiff in said Action No. 1646, approximately \$18,000 as follows:

William H. Hubbard and James Hogan, who appeared jointly for the Humphrey group, and of record for the plaintiff in Action No. 1646 in the State Court, and who recovered nothing for the estate, were given separate allowances on their claims by the Court in this proceeding, to wit:

William H. Hubbard	\$11,000.00
James Hogan	4,375.00

After William H. Hubbard withdrew as attorney and William Mead was associated as counsel for the Humphrey group during the latter part of the proceeding and who recovered nothing for the estate, was allowed by the Court in this proceeding \$2,500.00 on his claim for services in the State Court, while Messrs. Redwine and Redwine, one of whom was a member of the legislature, whose only services were being substituted as attorneys for the Humphrey group and obtaining continuance of the action by using his prerogative as an assemblyman engaged in a session of the legislature and noticing the taking of a deposition, which was never taken, was allowed \$350.00. A. G. Edwards, who also was of the Humphrey group, was allowed \$900.00.

On behalf of the defendant in the said action in the State Court, C. C. Kempley filed his claim for \$7,323.18, and in addition to the \$1,000.00 previously allowed to him by the State Court before the inception of this proceeding, compromised his claim for additional fees in the amount of \$4,150.00 and the same was allowed by the Court in this proceeding [Finding LXXI; App. p. 68]. The standards for measuring compensation by the Court in allowing fees to attorneys in the State Court proceeding, changed with the petition of appellant, though the other attorneys were only representing parties to the action while appellant was working and cooperating with the Court trustees for a period of a year in preserving the rights and interests of the corporations.

May we further inquire by what standards the services of Mr. Braucht, an attorney from the adjoining county to Mariposa, who took no active part in resisting the mo-

tion to dismiss the action [Rep. Tr. p. 38, lines 6 to 12] were determined to be of "Direct benefit to the estate" and the subject of compensation, while the services of appellant, who was the regular attorney for the State Trustees who had never been discharged as such and were the persons to whom the charge and control of the estate would revert to, should the Chapter X proceedings for some reason be dismissed, were not of "Direct benefit to the estate," though he had spent several days in preparing for the resistance to the motion and was required to travel 350 miles each way to appear in Court.

By what standards were the services of appellant in preparing the material upon which an action for accounting against Humphrey and upon which action was later brought by an independent stockholder of "No direct benefit to the estate," and the services of the attorney who proceeded with the action and failed to recover of "Direct benefit to the estate" and the subject of compensation [Finding LXXIIb, c, and LXIIIId, App. pp. 69 and 71].

By what standards were the services of appellant not the subject of compensation, in compromising numerous undisputed claims of creditors in a saving of approximately \$2,000, and the services of attorneys in compromising a disputed claim of A. G. Ilseng in the amount of \$6,500, subject to compensation in the sum of \$4,000 [Finding CXII to CXVI, App. pp. 85 and 86].

When the disallowance of fees to petitioner, who acted as attorney for State Trustees, is compared to allowances

made to the attorneys for the Trustee in this proceeding, there is no possible relationship of the standard or basis on which the same was ordered. It is true that the proceeding in the United States District Court continued for a period of ten years, while the State Trusteeship was for over a period of only one year. However, the fact that the proceedings were drawn out over a ten year period when the same should have been disposed of in the ordinary course within the period of less than a year is no recommendation for allowance of fees upon the length of time the matter was pending. We take leave to point out allowances made to Trustees' attorneys and others in this proceeding.

One of the attorneys for the Trustee herein is James T. Boyd, who, during the pendency of this proceeding, had been allowed \$16,875.00, and after final hearing, was allowed an additional \$7,500.00, making a total payment to him of the sum of \$24,375.00 [Finding LXXXVIII, App. p. 78].

Finding XVI [App. p. 46] shows wherein John P. Thatcher, as one of the attorneys for Trustee, had been paid \$4,250.

Findings CXII to CXVI, inclusive, cover services above referred to, rendered by attorneys Griswold, Vargas & Stewart. Allowance was made to them in the sum of \$4,000.00 for attorneys fees [Findings CXII to CXVI, App. pp. 85 and 86]. This covered representation in only one matter, and that was with reference to the claim of

A. G. Ilsing, which was finally compromised in the amount of \$6500.00.

Finding LXXV [App. p. 72] re C. C. Kempley, who had already been allowed substantial fees by this Court on his claim for services as attorney in the State Court proceedings, was allowed by this Court for fees in this proceeding, an additional sum of \$12,000.

We submit that the order of the Court disallowing any fees to appellant in view of the services rendered by him, cannot in any degree whatsoever be considered as a determination by the same standards applied in allowance to others, and that the sum of \$500 which had previously been paid to appellant which the Court's finding states to be for the hearing of Oct. 3, 1938, disregards all other services.

In measuring the services rendered by appellant in comparison to services performed by other attorneys to whom fees have been allowed, we respectfully call attention to the fact that the petition for Reorganization under Chapter X filed herein [Vol. I of the Record] shows that at the time management was taken over from the State Trustees, the assets of debtor corporations in equipment, cash and credits was in excess of \$100,000 of which approximately half was cash, bullion and credits and that liabilities were then approximately half that amount. At the present time after ten years management with the aid of other petitioners for fees, the corporations are insolvent and in bankruptcy.

As has been previously pointed out, in addition to the many proceedings in Court, though the trustees were directly in charge of the affairs of the corporations, the appellant took charge through his office of most of the routine work, they having no other office. Where in this instance the trustees were allowed and received approximately \$5800 [App. p. 18] for their services, the allowances requested by appellant are very nominal when it is remembered that in addition to rendering services he supplied the office facilities for the trustees work as well as his own.

45 Amer. Juris. 223, Sec. 288.

· “It has been said that the measure of a reasonable fee is by analogy the amount the law allows other officers for the performance of similar duties. . . . (p. 224)—The considerations which should control in fixing compensation are the value of the property involved in controversy, the particular benefit derived from the receiver’s attention; time, labor and skill required, and experience in the proper performance of the duties imposed, their fair value measured by common business standards, and the degree of integrity and dispatch with which the work of the receiver is conducted.”

Rose v. Standard Trailer, 33 Atl. 2d 504. (Penna.)
(to same effect as above).

Veeder v. Public Service Holding, 51 Atl. 2d 321—
(Del.) (in this action the Court allowed \$6000 to the receiver and \$22,500 to the attorney for receiver by reason of litigation involved).

POINT V.

The Findings of the Court Are Inconsistent, Speculative and Indefinite.

The term used by the Court in Findings XXV and XVIII, "The Court does not find" does not denote a finding but rather a lack of it. A search for authorities does not reveal any instance of interpretation of such language in a finding. However, such language indicates a failure to determine rather than a determination that a fact does not exist. Similarly, for one to say "I do not contend" or "I do not say" that a certain fact or condition exists is not stating that the fact or condition does not in fact actually exist. It is a non-commitment. The term is frequently used in argument where without admitting that certain conditions do not exist the declarer proceeds with argument after refusing to make commitment on a premise. It is not difficult for a Court to state in its findings either that "The Court finds that . . . is a fact" or "That . . . is not true" or "Is not a fact." If findings have any purpose at all it is to clearly and succinctly state what allegations are true and what are untrue. This the Trial Court has here failed to do.

Finding XXIII [App. p. 49] states that the sums of \$300 and \$200 were allowed as interim compensation in the State Court proceeding. In Finding XXV it appears that such compensation was for only the Hearing of Oct. 3, 1938, which negates the Finding XXIII that the allowance was an interim allowance.

Finding XXVIII [App. p. 51] states that the Court has at no time determined the authority of appellant to appear in the United States Court for the State Trustees. In the same finding the Court states that "The Court does

not find that applicant was authorized to appear or represent the State Trustees in these proceedings." In view of the law as cited hereunder these findings are inconsistent.

The Findings as a whole are indefinite and appear to be an evasion to find the facts in order to support an Order denying compensation. They fail to meet the issues squarely; the reluctance of the Court to state definitely any matters in the findings which are favorable to appellant is quite apparent.

Nason v. Shinjo, 237 Pac. 557 at 559.

"In other words and briefly both by the pleadings and the evidence, an issue as to the ownership of said mechanical appliances was submitted to the Court for decision and a clear and unequivocal and direct finding upon that issue should have been made. The only reference to be found in the findings to that issue are the following: 'It is not true that the plaintiff wrongfully and unlawfully removed from said premises or removed at all any machinery, fixture, appliances, or anything else from said garage that it did not have a legal right to.'

The foregoing is rather a conclusion of law than a finding of fact, but treating it as an attempt to find upon the question whether the parties intended the fixtures to become a permanent part of the building, it wholly fails to reach the mark."

Cleaning and Pressing Co. v. Hollywood Laundry, 217 Cal. 131 at 137:

"Although it is true that findings must be liberally construed to support the judgment if possible, it is equally true that where there are contradictory,

irreconcilable findings about matters material to a proper disposition of the case, the Appellate Court can do nothing but reverse the case.” (Citing many authorities.)

Horowitz v. N. Y. Life Ins. Co., 80 F. 2d 295:

“The District Court . . . makes no findings upon the question whether insured knew the nature of the disease causing total disablement of the insured prior to applying for disability insurance. The parties were entitled to a finding upon this issue and the failure to do so . . . requires reversal of that portion of the decree deciding it against appellant.”

POINT VI.

The Findings of Fact Are Not Supported by the Evidence.

Finding XXV [App. p. 49] states: “The Court does not find that applicant was employed by the trustees prior to the second day of September, 1938.” This is in direct conflict to the undisputed evidence. Petition of appellant [App. p. 6] stating that within a few weeks after the appointment of the trustees (May 9th, 1938) Mr. Trask and Mr. Buxton were at the office of appellant and engaged him as their attorney. [Tr. of testimony, p. 4, line 19, to p. 5, line 12, Vol. II of the record on appeal.] This testimony is corroborated by letter of Judge Trabucco dated May 25, 1938 [Ex. 2, App. p. 33] which discusses allowance of fees.

The conclusion of the Court in Finding XXV that the services rendered were of no direct benefit for which compensation should be allowed is contrary to the evidence as pointed out under Point I.

Finding XXVI which is in fact a conclusion [App. p. 50] holding that the \$500 heretofore paid is a fair allowance, is contrary to the evidence as shown under Point IV.

Finding XXVIII is not supported by the evidence as shown under Point III.

Finding XXIX is not supported by the evidence as shown under Point I.

Finding XXX is a conclusion rather than a finding. Such conclusion and order based thereon is contrary to the evidence, it appearing from the undisputed evidence that services were performed as attorney for the trustees necessary in the preservation of the estates.

Conclusion.

In reviewing the evidence as above set out, we respectfully again call to the attention of the Court the stipulation entered into at the time of hearing on appellant's and others' petitions, to wit: that all the matters set out in the petition are accepted as if having been testified to and as evidence [Rep. Tr. p. 13, lines 8 to 11, Vol. II of Record] and that there was no conflicting evidence offered or submitted.

The order of the Court disallowing compensation to petitioner must necessarily fail to take into account actual out-of-pocket money which petitioner has expended in maintaining office facilities for the trustees for a period of a year, and his expense in employing an attorney in his office to assist him in other work, so that he might devote the necessary time to the affairs of the trusteeship. [App. p. 7.] By the Order of the Court, the petitioner is not only not compensated for the time and services that

he has rendered, but is out in actual cash outlayed by him in performing his services to the trustees and the corporations.

The record is clear and unrefuted that appellant has devoted a year's service to the State Court Trustees, that he was alert in his duties in protecting the estate from encroachment and jeopardy, that he has prepared and defended numerous proceedings in connection with his duties and has appeared in Court that took him 350 miles from his office on many occasions, as attorney for the Trustees, and if the finding of the Court is correct that the \$500 received by appellant was as compensation for service only on the proceeding heard in Court on October 3, 1938, then these services have never been compensated for. The Court denies compensation based on its conclusion that the services rendered no direct benefit to the estate. As pointed out above, such conclusion can be arrived at only by the most arbitrary determination. Each proceeding enumerated above and each item of service, was for the purpose of, and did, preserve the estate. The theory upon which such conclusion is made is erroneous as a matter of law, the Court having placed the services of an attorney for a receiver in a superseded proceeding in the same category as attorneys representing interests of individuals and private committees; the Court has made its order denying compensation to appellant, based on different and not comparable standards as applied to other petitioners for fees; as a premise on which to deny compensation to appellant for services rendered during the bankruptcy proceeding, the Court makes the conclusion that appellant did not represent the Trustees during the bankruptcy proceedings, contrary to its own finding in

the same paragraph that appellant appeared for said trustees, and without any finding that the Court at any time determined that appellant was not the attorney for the Trustees.

To support the objective of denying compensation to appellant, the Court has in instances failed to make findings, and made inconsistent, indefinite and evasive findings. A reading of the evidence in this matter, the petition of appellant, the transcript of his testimony, and the findings on appellant's petition and the Order made on his petition, and the generous allowances to other petitioners without question as to the direct benefit to the estate, makes it difficult for one to conclude that the Order of the Court was the result of a desire to regard the petition of appellant on the same basis of merit as other petitions filed rather than the result of a preconceived determination to deny any allowance. Those who appear before a Court of Justice should be dealt with with an even hand, weighed in the same scales; there should be no favorites and none in disfavor except as their cause merits.

Respectfully submitted,

CHAS. I. ROSIN,

Attorney for Appellant.

No. 12331

United States
Court of Appeals
for the Ninth Circuit.

CHARLES I. ROSIN,

Appellant,

vs.

J. P. HART, Trustee in Bankruptcy of the Estates
of International Mining & Milling Co., Debtor,

and

SECURITIES AND EXCHANGE COMMIS-
SION,

Appellees.

Appendix to Brief of Appellee
Securities and Exchange Commission

Appeal from the United States District Court,
for the District of Nevada.

FILED
FEB 2 - 1930

PAUL P. O'DRISCOLL

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INDEX

[Clerk's Note: When deemed likely to be of an important nature, errors or doubtful matters appearing in the original certified record are printed literally in *italic*; and, likewise, cancelled matter appearing in the original certified record is printed and cancelled herein accordingly. When possible, an omission from the text is indicated by printing in *italic* the two words between which the omission seems to occur.]

	PAGE
Claim of Holcomb, Holcomb & Kempsey.....	2
Excerpts From Proceedings Before Judge Norcross November 27, 1939.....	5
Excerpt From Testimony of A. G. Ilseng, April 22, 1949.....	4
Excerpts From Testimony of A. G. Ilseng Before Arthur F. Lasher April 24, 1941	11
Excerpts From Proceedings June 19, 1942..	12
Order Authorizing Employment of Rosin in Action 1646.....	1
Order November 27, 1939.....	10
S.E.C. Exhibit B.....	16
Testimony of Rosin and Buxton Pertaining to General "Business" of Trusteeship.....	13

ORDER AUTHORIZING EMPLOYMENT
OF ROSIN IN ACTION 1646

(Captions Omitted)

Upon reading the affidavit of C. B. Buxton and it appearing that the trustees appointed by this Court find it necessary to engage the services of an attorney to represent them and appear for them, and they having selected Chas. I Rosin, attorney of Los Angeles, California, as their attorney and it further appearing that said attorney will require certain monies as court costs and other incidental expenses in connection with proceedings intended to be filed by him in the above entitled court,

It is hereby ordered that the trustees be, and hereby are, empowered to engage the services of Chas. I. Rosin as their attorney, upon such compensation as shall be hereafter determined by this court, and to advance to him a sum not in excess of one hundred dollars (\$100.00) to defray incidental expenses.

/s/ J. J. TRABUCCO.

September 2nd, 1938.

[Endorsed]: U.S. District Court. Rosin Exhibit No. 14. Filed April 22, 1949.

CLAIM OF HOLCOMB, HOLCOMB
& KEMPLEYExcerpts from Itemization of Services
in Action 1646

A

Re: Appointment of Trustees

1938

- May 2—Preparation of points and authorities in re application of defendants for appointment of receiver.
- May 3—Examination of files, pleadings, prior affidavits previously filed, both for and against the application.
- May 4—Preparation of various affidavits.
- May 5—Preparation of affidavit of Charles E. Howell relative to the alleged stockholders meeting at Las Vegas, Nevada, attended by said party, which was evidence in connection with the issues involved in the appointment of a receiver.
- May 5—Preparation of affidavit of W. G. H. Adam in connection with receipts and disbursements of the Mount Gaines Mine from March 1, 1937 to March 1, 1938, and preparation of a statement of receipts and disbursements taken from data furnished by said W. G. H. Adam for the purpose of showing wrongful disbursements by plaintiffs and those associated with them and

1938

showing failure to pay indebtedness of the company.

- May 5—Preparation of affidavit of Mary A. Cook, Chester C. Kempley, W. E. Wolrich, all in connection with the attempt made by C. F. Humphrey and those associated with him to bring about a cancellation of the lease held by the Mount Gaines Mining Company, and in support of defendants contention that trade indebtedness of the corporations was not being paid or discharged.
- May 5—Travel during the evening to Mariposa.
- May 6—Trial of issues involved in defendants application for appointment of receiver before the Superior Court in Mariposa.
- May 7—Trial of issues involved in defendants application for appointment of receiver before Superior Court of Mariposa.
- May 8—(Sunday). Continuance of work at Mariposa, including conferences between respective attorneys and preparation of documents by them attempting to bring about a solution of existing difficulties.
- May 9—Further trial of issues in re appointment of receiver before the Superior Court, Mariposa.

B

Re: Motion to Dismiss

1939

Mar. 6—Pending motions at Mariposa continued.

Mar. 10—Letter to Mr. Hubbard.

Mar. 10—Preparation of Notice of Hearing.

Mar. 18—Preparation of six affidavits in opposition to motion made by C. F. Humphrey for dismissal of trustees appointed by Judge Trabucco.

Mar. 19—Travel to Mariposa.

Mar. 20—Hearing on motion of Humphrey, et al., to dismiss trustees and other matters before the Superior Court of Mariposa County.

EXCERPT FROM TESTIMONY OF
A. G. ILSENG APRIL 22, 1949

Q. (By Mr. Rosin): You remember, with regard to the claims that were paid, going up to Mr. Trask at La Jolla?

A. Yes, sir, you and Mr. Buxton and myself went to Mr. Trask's residence in La Jolla.

Q. How much time did we spend?

A. We were there practically all day and while you were there you telephoned to an attorney in San Francisco regarding outlays ordered for judgment and discussed paying those bills at that time and I

volunteered to seem them, all that had undisputed claims, and procure an agreement of discount in order they could be paid and the creditors could get their money. This offer was accepted and I called at Merced, Mariposa, Los Angeles, and other places and could procure discount of approximately \$2500 and an order was prepared to the Court to pay them. I took the order up to Judge Carlton and he signed it and I brought it back and the checks were issued. I received no pay for my services. I volunteered to do it without any charge except actual expenses of the automobile and my meals at the time.

EXCERPTS FROM PROCEEDINGS BEFORE
JUDGE NORCROSS NOVEMBER 27, 1939

A

Statement of Appellant re Report, pp. 2 to 3.

Mr. Rosin:

There are really two separate motions, tho made in one paper. The first motion is that Judge Andrew Schottky of the Superior Court of Mariposa County, California, be authorized by this Court to receive a report to be filed by Mr. Buxton, trustee, and to be passed upon by that Court, with reference to the activities of the trusteeship, which is practically at an end there, by reason of these proceedings here. The trustees there are under bond and I feel it is only fair to the trustees that they have their final

report in and that the Court either approve it or disapprove it and if proper that the trustees be discharged. In that connection, I might say that there was a report that had been prepared by Penney & Company, accountants, which I believe was prepared at the request of one of the litigants in that action in Mariposa County and the port in the form as prepared by the auditor was filed over there in court and I understand that two of the trustees have signed the report. However, the report is not in form such as should be filed by trustees, but it is rather in this book form, the way an auditor would get it up, and a proper trustees' account and report should be filed, so that the Court could pass on it. In the second place, I do not know whether the trustees who have signed that report as being the report had examined it or not, but Mr. Buxton, one of the trustees, has examined it and I examined it and I feel satisfied there are a number of items on there as charges which are not proper charges and should not be allowed as charges to the estate and the report, in my opinion, does not properly represent or present to the Court the activities of the trustees. I say it is only an auditor's account and not a report, and therefore, the first motion is that we be permitted to file such a report with Judge Schottky, that Judge Schottky be asked to pass upon it.

B

Proceedings on Report

(Line 2, p. 11, to line 19, p. 12.)

The Court: In view of the fact that counsel has called and may wish to be heard on the matter, I am going to simply make the order at this time that the motions be taken under advisement and I am going to ask for a transcript of the proceedings, so that they may be referred to by any one else interested. As I understood it, counsel would see no objection to a procedure so far as filing the reports with the court down there?

Mr. Pennekamp: No.

The Court: So if that is desired——

Mr. Pennekamp: That is, the report of the trustee.

The Court: The Court, of course, will not make any order on it, but I see no reason why you may not proceed along that line.

Mr. Rosin: The reason I ask the Court if it could pass on that is because we want to get these claims as soon as possible and want to get the report in and if there is no objection in regard to filing report, if the Court could see its way to make an order this morning, I could start preparing the report and get it filed over there and just save so much time here.

The Court: At the present time, this Court doesn't see any necessity for making this order. You have that right.

Mr. Rosin: Judge Schottky will not take any action unless he knows it is agreeable to this Court.

The Court: I am willing to state it is agreeable to this Court that you file any reports of proceedings in that court.

Mr. Rosin: And would you also make that as a recommendation?

The Court: I will not make any recommendation.

Mr. Rosin: Just that it is agreeable, and will your Honor say you think that is the proper procedure in that case?

The Court: I do not want to make any expressions at this time, but I can see no objection to it.

Mr. Rosin: May I present something in the form of writing I may present to the Judge, may I prepare it and present to your Honor this morning, that your Honor says it is agreeable and satisfactory to this Court for the trustees to file report there?

The Court: I am going to have these proceedings transcribed. Copy can be supplied to the court. If you want to prepare any order in the matter, submit it to counsel and we will consider it later.

(Line 23, p. 19, to line 17, p. 21.)

The Court: Mr. Rosin, did you have a formal order that you wanted to enter?

Mr. Rosin: I wrote one up.

The Court: Suppose you read it.

Mr. Rosin: Motion by C. B. Buxton, one of the trustees in the matter pending before the State of California in and for the County of Mariposa, having regularly come up before this Court, wherein he moved for permission to file his report as trustee

with said State Court, with prayer that said State Court pass on approval thereof, the Court now finds that this Court has no objection to the filing of such report and it is agreeable with this Court that same be done. I tried to put it in language as your Honor indicated. In other words, there is no recommendation or anything like that, just that you have no objection and it is agreeable to this Court.

Mr. Pennekamp: This thought occurs to me in connection with that—isn't there a recital in there that the California court pass upon that account? I would object to any order going out of here which might be binding upon the trustee, in case he wants to attack any items in those reports.

Mr. Rosin: No; in other words, this Court has no objection—all this says is that we ask for permission to file a report as trustee of the State Court with the State Court, with the prayer in that petition that the State Court pass upon it, this Court, of course, making no recommendation, except it has no objection to the filing of such petition, in effect. It probably could be worded a little better.

Mr. Pennekamp: It seems to imply that once the Court has passed upon it, it would be settled for all time and in the absence of the trustee here this morning or his counsel—in other words, that seems to imply at least, if the State Court once passes the accounts will be settled and not subject to further attack.

Mr. Rosin: I do not think that would prevail

any way if any report is filed and even if approved by that court, it could at any time be attacked here any way.

Mr. Pennekamp: Well, I wonder.

The Court: Suppose counsel see if they can agree on some form of order and if they can, the Court will consider it. We can take it up in chambers without the necessity for further proceedings.

ORDER NOVEMBER 27, 1939

(Caption Omitted)

Motion by C. B. Buxton, one of the trustees in the matter pending before the State of California, in and for the County of Mariposa, having regularly come up before this Court, wherein he moved for permission by this Court to file with the said State Court above mentioned his report as trustee, and the same having been presented and the Court having heard the matter, now finds;

That this Court has no objection to the Superior Court of the State of California, in and for the County of Mariposa, entertaining such report of State Court trustees, to be filed by said C. B. Buxton, and it is agreeable to this Court that such report be so filed.

Dated this 27th day of November, 1939.

/s/ FRANK H. NORCROSS,
District Judge.

Filed Nov. 27, 1939.

EXCERPTS FROM TESTIMONY OF A. G.
ILSENG BEFORE ARTHUR F. LASHER
APRIL 24, 1941—Transcript pp. 4239-40 in
Vol. VI of Transcript Filed September 30, 1949

A. I was requested by Mr. Buxton and Mr. Trask to come to La Jolla in December, 1938, where Mr. Trask had his residence and was transacting the business of the Mount Gaines Mining Company, as a trustee appointed by the Superior Court of Mariposa, California. And Mr. Buxton was also a trustee. They had quite a sum of money on hand and were desirous of paying some of the outstanding bills, the accounts that were due at the time they took charge of the mine as trustees. They discussed paying some 10 or 15 per cent of these bills. I inquired how much money they had on hand and we added up the total amount of bills and discussed it quite freely. And I suggested perhaps they could pay all the bills if they got a little discount on them. So they agreed to allow me my expenses for calling on all the creditors, as most of the bills had been made during my administration. I called on all I could locate and succeeded in getting a discount of approximately \$2500.00 on the bills. Accordingly, checks were made and mailed to the claimants at that time for the amount of their bill, less the discount that I secured. They agreed to pay my expenses on the trip, which amounted to \$116.50, but Mr. Trask cut me down \$20.00 and only paid 96.50. I had a driver for four days so

that I could cover more territory, and I had a charge of \$20.00 in there for the driver which he wouldn't allow.

EXCERPTS FROM TRANSCRIPT OF PROCEEDINGS JUNE 19, 1942 (pp. 19-20)

Mr. Atkinson: I understand in September 1939 the other two trustees, Mr. Udell and Mr. Trask, filed, and it is on file, a report of their operations as trustees under order of the Mariposa Court, and in September of 1939, or after the court assumed jurisdiction in this case or this jurisdiction started.

Mr. Rosin: No, that was the year prior.

Mr. Udell: You are right.

Mr. Atkinson: So that report of operations of the trustees by two members of the board is on file now up in Mariposa court. Why Mr. Buxton did not join in that report, I do not know.

Mr. Udell: That report was prepared by L. K. Penney & Company, certified public accountants of San Francisco, at the request of trustee Logie and myself. Copy of the Penney report was submitted to our three trustees and it was approved by trustee Logie and myself and not approved by trustee Buxton. I personally delivered that report to Judge Schottky, together with an order asking for dissolution of the California trusteeship. Neither the report nor the request for dissolution has ever been acted upon by Judge Schottky.

Now to straighten out one other thing. The re-

ports referred to by Mr. Rosin in the Fall of 1938 were reports to the creditors and stockholders by the California trustees and approved by Judge Trabucco as of that date, but those reports of the Fall of 1938 had nothing to do with the reports filed in the Fall of 1939 to wind up the business of the California trusteeship.

TESTIMONY OF ROSIN AND BUXTON PERTAINING TO GENERAL "BUSINESS" OF TRUSTEESHIP

Transcript of Proceedings

April 21-22, 1949, in Record, Volume II

Page 7—"Mr. Rosin: There weren't any appearance in court that I remember was required until about the early part of September of 1938. However, during the interim Mr. Buxton and Mr. Trask both were in my office many times and we conferred with regard to matters that were coming up. There was no other office that was maintained by the trustees excepting the office that I maintained. Mr. Trask, who is now dead—he was a retired railroad man, lived in La Jolla and he used to write to stockholders and he would do some correspondence on his own account, but anything that amounted to anything of particularly a business nature was handled through my office, and as I say, outside of Mr. Trask doing some writing himself—he had a typewriter—there wasn't any other office maintained except my

office and many times, I can't remember, I don't have a record of the times, Mr. Buxton and Mr. Trask conferred with me with regard to matters pertaining to their trusteeship."

Page 20—"Mr. Rosin: Well, it would be a guess. I would say that that matter took fully—that is, I didn't do it exclusively, it went over a period of a few months until it was finally taken care of—but taking the time altogether, I would say it would be more than a week, maybe a couple of weeks' time, if it was all added together. I don't know. You see during this period of time I handled all the business for the trustee in my office and there were things going on there every day, some work done one day on one matter and some the next day. I just can't say the number of hours."

Page 48—"Mr. Rosin: My principal service, the main service I rendered, the time I spent was not before Judge Schottky or Judge Trabucco because my office was the office of the trustees of the International Mining and Milling Company and I spent time there and did from the time that I began serving as attorney for the trustee——"

Page 50—"Mr. Rosin: There was practically every day something coming up in regard to the trusteeship. There was no other office expense or stenographic expense or any other expense, expense, except that maintained by my office, for the business of the trustees. I never made any claim of any expenses of any kind."

Page 65—"Mr. Rosin: In addition, of course, I had conferences with the trustees and also that correspondence here. I have probably a thousand letters here I have written to various parties, to trustees and other parties, with reference to matters regarding the trusteeship. I have perhaps that many and received thousands—probably that much correspondence, maybe less, but it takes up several heavy files, four or five of them."

Page 73—"Q. And as to the business affairs, did you and Mr. Trask handle all those yourselves? (To Mr. Buxton.)

A. With your help and your direction we did.

Q. And Mr. Udell took care of the mining operations?

A. He was supposed to go over there and look through the mine every week and report to us if there were any changes.

Q. That he would report to you and Mr. Trask?

A. Yes.

Q. Did you maintain any office as trustees, excepting through my office?

A. Your office was the headquarters. We always went to your office in Los Angeles.

Q. Any matters affecting the business directly, were they handled through my office?

A. They were."

Page 75—"Q. Did you have conferences with Mr. Trask from time to time?

A. Every day mostly.

Q. And did I call you frequently on the telephone?

A. We kept in close touch.

Q. And did you and Mr. Trask meet at my office a number of times?

A. Quite often."

S.E.C. EXHIBIT B

Chas. I. Rosin

Attorney at Law

Suite 903 Occidental Life Building

756 South Spring Street

Los Angeles, California

TRinity 2044

September 2, 1938

Mr. A. V. Udell

Bear Valley

Mariposa County, California

Dear Mr. Udell:

Yesterday, Mr. Trask and Mr. Buxton were both in my office and spent practically the entire day discussing the Mount Gaines situation.

Mr. Buxton showed me the letter you had written, and I had hoped that you could have been present in the discussion, but from the contents of letter, presume that whatever Mr. Trask and Mr. Buxton decided on would be agreeable to you.

I am enclosing to you copies of papers that I have

prepared, one set being for leave to file a complaint against the Humphreys for an accounting, and the other for a restraining order against Humphreys, to restrain them from cancelling the lease, which they have tried to do. I hope this meets with your approval.

I have today also written a letter to Judge Carlson, asking him to present these papers to the Judge, and if there is any objection on your part of our proceeding, will you please communicate with Judge Carlson or me regarding it.

As you will observe from the affidavit of Mr. Buxton and the request for an order to employ me as attorney, Mr. Buxton and Mr. Trask understand that it is agreeable with you, and I hope that it is.

If there is anything that you want to take up with me regarding these matters or anything else, I will be glad to reply to your letter.

Yours truly,

/s/ CHAS. I. ROSIN.

CIR-DL

Encl.

A. V. Udell

Mining Engineer

Bear Valley, California,
Tuesday, Sept. 6th, 1938.

Mr. Chas I. Rosin,
Occidental Life Bldg.,
Los Angeles, Calif.

Dear Mr. Rosin:

I have your letter of the 2nd, i inst., together with inclosures, all of which I have carefully read.

I definitely approve of the action of Messrs. Trask and Buxton in appointing you attorney for the Trustees and likewise definitely approve of the actions contemplated in the papers accomping your letter.

While in Santa Ana last month Mr. Buxton showed me a paper purporting to be a statement of monies disbursed by Mr. Humphrey. In this statement were certain sums of monies paid to both of the Humphreys as salaries. Both Humphreys, I believe, claim additional amounts due them as salaries. If it can be shown, as Buxton claims, that Humphries and his Board of Directors were illegally elected, then cannot Humphrey and his Board be forced to return such monies paid to them as salaries and/or expenses and at the same time have set aside any claims for additional salary, expenses, etc., including attorney fees, all of which are claimed as a lien against the Mt. Gaines and/or International companies.

The same theory, I believe applies to Ilseng, particularly in regard to additional salary claims. Ilseng is, I believe, unquestionably guilty of constructive fraud in handling stockholders monies. There is also the question of his ownership of the stated ownership of 400,000 shares of International stock.

If you are successful in the above matters, the stockholders ad creditors will certainly have received a great benefication and the stockholders in particular, will be greatly in your debt. Personally, i wish you evert success and will aid you in every possible way.

Yours very truly,
A. V. UDELL.

Filed April 22, 1949.

No. 12331

**In the United States Court of Appeals
for the Ninth Circuit**

CHARLES I. ROSIN, APPELLANT

v.

**J. P. HART, TRUSTEE IN BANKRUPTCY OF THE ESTATE
OF INTERNATIONAL MINING & MILLING Co., DEBTOR,
AND SECURITIES AND EXCHANGE COMMISSION, AP-
PELLEES**

**BRIEF FOR SECURITIES AND EXCHANGE COMMISSION,
APPELLEE**

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FILED

MAR 3 1950

PAUL P. O'BRIEN,

CLERK

INDEX

	Page
Introductory statement.....	1
Counterstatement of facts.....	2
The issues.....	6
Argument.....	7
1. Appellant's alleged employment prior to September 2, 1938..	10
2. Appellant's claim for compensation for services in state court proceedings subsequent to his appointment on September 2, 1938.....	13
3. Appellant's claim for compensation for alleged services in the Chapter X proceeding.....	23
4. The findings of the court below are supported by the evidence..	25
Conclusion.....	28

CITATIONS

Cases:

<i>American Mail Lines, Ltd., In re</i> , 115 F. 2d 196 (C. A. 9, 1940).....	26
<i>Brown v. Gerdes</i> , 321 U. S. 178 (1944).....	8
<i>Butzel v. Webster Apartments Co.</i> , 112 F. 2d 362 (C. A. 6, 1940).....	9
<i>Callaghan v. Reconstruction Finance Corporation</i> , 297 U. S. 464 (1936).....	8
<i>Columbia Ribbon Co., In re</i> , 117 F. 2d 999 (C. A. 3, 1941).....	26
<i>Condor Pictures, Inc., In re</i> , 33 F. Supp. 174 (S. D. Cal. 1939), affirmed, 112 F. 2d 575 (C. A. 9, 1940).....	9
<i>Detroit International Bridge Co., In re</i> , 111 F. 2d 235 (C. A. 6, 1940).....	26
<i>Gochenour v. Cleveland Terminals Bldg. Co.</i> , 142 F. 2d 991 (C. A. 6, 1944).....	9
<i>Goldie v. Cox</i> , 130 F. 2d 690 (C. A. 8, 1942).....	9
<i>Hart v. California Pacific Title and Trust Co.</i> , 136 F. 2d 430 (C. A. 9, 1943).....	3
<i>Hume v. Myers</i> , 242 Fed. 827 (C. A. 4, 1917).....	9
<i>Humphrey v. Hart</i> , 157 F. 2d 844 (C. A. 9, 1946).....	3
<i>Ilseng v. United States</i> , 120 F. 2d 823 (C. A. 9, 1941).....	3
<i>Keystone Realty Holding Co., In re</i> , 117 F. 2d 1003 (C. A. 3, 1941).....	8, 26
<i>London v. Snyder</i> , 163 F. 2d 621 (C. A. 8, 1947).....	26
<i>Meyer v. Fleming</i> , 327 U. S. 161 (1946).....	22
<i>Mt. Forest Fur Farms of America, In re</i> , 157 F. 2d 640 (C. A. 6, 1946).....	26
<i>Oklahoma Ry. Co. v. Johnston</i> , 155 F. 2d 500 (C. A. 10, 1946).....	9, 26
<i>Porto Rican American Tobacco Co., In re</i> , 117 F. 2d 599 (C. A. 2, 1941).....	9, 22
<i>Progress Lektro Shave Corp., In re</i> , 117 F. 2d 602 (C. A. 2, 1941).....	22
<i>Randolph v. Scruggs</i> , 190 U. S. 533 (1903).....	9
<i>Silver v. Scullin Steel Co.</i> , 98 F. 2d 503 (C. A. 8, 1938).....	25

Cases—Continued

	Page
<i>Standard Fuller's Earth Co., In re</i> , 186 Fed. 578 (D. C. Ala. 1911) ..	9
<i>State of Missouri v. Angle</i> , 236 Fed. 644 (C. A. 8, 1916)	9
<i>Stein v. Hemker</i> , 157 F. 2d 740 (C. A. 8, 1946)	26
<i>Teasdale v. Sefton Nat. Fibre Can Co.</i> , 85 F. 2d 379 (C. A. 8, 1936)	8
<i>Title Insurance and Guaranty Co. v. Hart</i> , 160 F. 2d 961 (C. A. 9, 1947), cert. denied, 332 U. S. 761 (1947)	3
<i>Union Guardian Trust Co. v. Manor Realty Co.</i> , 122 F. 2d 551 (C. A. 6, 1941)	9
<i>Woods v. City National Bank & Trust Co.</i> , 312 U. S. 262 (1941) ..	9

Statutes:

Bankruptcy Act:

Section 208 (11 U. S. C. § 608)	2
Section 241 (11 U. S. C. § 641)	9
Section 258 (11 U. S. C. § 658)	7, 8, 9

In the United States Court of Appeals for the Ninth Circuit

No. 12331

CHARLES I. ROSIN, APPELLANT

v.

**J. P. HART, TRUSTEE IN BANKRUPTCY OF THE ESTATE
OF INTERNATIONAL MINING & MILLING CO., DEBTOR,
AND SECURITIES AND EXCHANGE COMMISSION, AP-
PELLEES**

**BRIEF FOR SECURITIES AND EXCHANGE COMMISSION,
APPELLEE**

INTRODUCTORY STATEMENT

This is an appeal from an order of the United States District Court for the District of Nevada, dated June 28, 1949. The appeal is related to that aspect of the order which denied appellant, Charles I. Rosin, additional compensation for services rendered by him to state court trustees of the debtors.¹ The petition for leave to appeal was filed in this Court on June 25, 1949, and was allowed by order dated August 15, 1949 (Rosin Appx. 93-94).

¹ The District Court's Findings of Fact, Conclusions of Law, and Order are printed at pp. 36-90 of Appellant's Appendix to his brief, hereinafter referred to as "Rosin Appx." Additional documentary material is submitted as an appendix to this brief and will be referred to as "SEC Appx."

The Securities and Exchange Commission was a statutory party to the proceedings below pursuant to Section 208 of Chapter X of the Bankruptcy Act (11 U. S. C. § 608) and is an appellee on this appeal.

COUNTERSTATEMENT OF FACTS

Mount Gaines Mining Company, a Nevada corporation, has been engaged in operating the so-called Mount Gaines mine located in Mariposa County, California. It is a wholly owned subsidiary of International Mining & Milling Company. Both parent and subsidiary have been in reorganization under Chapter X of the Bankruptcy Act since June 29, 1939, on which date separate petitions for reorganization of the two companies were filed and approved. Both proceedings have been treated by the court and the parties in effect as a single consolidated proceeding and the properties of both debtors have been in possession of James P. Hart, the Chapter X trustee appointed on August 11, 1939 (Rosin Appx. 39, 40).

The principal asset of Mount Gaines Mining Company has been the leasehold interest in the Mount Gaines mine and this mining property has been substantially the only source of income of both debtor corporations (Rosin Appx. 40). The lease was originally executed for a term of ten years subject to renewal for another term upon the same conditions, rights and covenants, including an option by the lessee to purchase three-fourths interest in the mine while the lease was in effect. This lease, which was renewed by the Chapter X trustee in 1943, has been the

subject of considerable dispute and litigation, some aspects of which were reviewed by this Court.²

The principal promoter of both debtor companies was A. G. Ilseng. Sometime between 1932 and 1937, when Ilseng, members of his family and others associated with him were in control, a substantial amount of International Mining and Milling Company's capital stock was sold to the public. In September of the latter year, A. G. Ilseng and A. G. Ilseng, Jr., were indicted under the mail-fraud statute for fraudulent sale of this stock and their subsequent conviction was upheld on appeal to this Court.³

In the months of November and December 1937, a rival faction, headed by C. F. Humphrey, a San Francisco attorney, organized a stockholders' committee. This committee succeeded in ousting the Ilseng faction and assumed control by electing new boards of directors for each of the companies. These directors employed C. F. Humphrey and others as counsel for the debtors and subsequently authorized the filing of the petitions in these Chapter X proceedings (Rosin Appx. 42, 56).⁴

² See *Title Insurance and Guaranty Co. v. Hart*, 160 F. 2d 961 (C. A. 9, 1947), cert. denied, 332 U. S. 761 (1947); *Hart v. California Pacific Title and Trust Co.*, 136 F. 2d 430 (C. A. 9, 1943).

Legal title to the mining property covered by the lease is held in trust for certain individuals as beneficial owners (Rosin Appx. 40.) See also *Hart v. California Pacific Title and Trust Co.*, 136 F. 2d 430-431 (C. A. 9, 1943). The Humphrey family is the principal beneficial owner of the fee title (Rosin Appx. 56).

³ See *Ilseng v. United States*, 120 F. 2d 823 (C. A. 9, 1941).

⁴ Humphrey's claim for compensation was reviewed by this Court in *Humphrey v. Hart*, 157 F. 2d 844 (1946).

The rivalry between the Ilseng and the Humphrey groups touched off a series of disputes and lawsuits and, when the Chapter X petitions were filed in June 1939, there were 12 lawsuits pending between these rival factions, involving charges and countercharges of fraud, mismanagement and illegality of various transactions (Rosin Appx. 42, 56). One of the principal controversies centered about the stockholders' suit brought by the Humphrey group, shortly before its assumption of control, through A. N. Logie and C. F. Humphrey, stockholders, against the Ilsengs and others. This suit, filed in the Mariposa County Superior Court of California, No. 1646 (hereinafter referred to as "Action 1646"), charged mismanagement, misapplication of funds and other wrongful actions by the defendants and, *inter alia*, sought an accounting and the appointment of a receiver.⁵ Subsequently, the parties entered into a stipulation dated May 9, 1938, for the appointment of three trustees to take possession of the properties of the two corporations subject to the jurisdiction and orders of the state court. The pertinent terms and conditions under which the trustees were appointed will be discussed hereafter. Pursuant to this stipulation, the California court by order of the same date, appointed as trustees C. B. Buxton, Ilseng's nominee and one of the defendants in that action, H. K. Trask, Humphrey's nominee, and A. V. Udell, the mine super-

⁵ The complaint, supplemental complaint, answer and cross-complaint in Action 1646 is Ex. D-2 in the hearing before the referee on the claim of C. F. Humphrey and is included in Record Volume III.

intendent, as the neutral trustee. Trask resigned in February, 1939, and was replaced by A. N. Logie, one of the plaintiffs in Action 1646, as representative of the Humphrey faction. The property and affairs of the corporations were managed under the supervision of these state court trustees for the thirteen-months period prior to the institution of the Chapter X proceedings (Rosin Appx. 26-32, 48). It is for services allegedly rendered to these trustees that appellant herein claims compensation.

Although a plan of reorganization was confirmed on January 17, 1949, it has not been consummated. As a result of continuous operating losses it became apparent that profitable operation of the mine was highly doubtful, and on June 6, 1949, mining operations were discontinued (Rosin Appx. 41, 43). On October 17, 1949, pursuant to notice and hearing, the District Court, concluding that a reorganization was no longer feasible, entered an order of adjudication and directed liquidation in bankruptcy of both companies.

While the outstanding amount of claims against the debtors was reduced in Chapter X proceedings by settlement, litigation or rejection, the reorganization proceedings have been far too long and expensive in relation to the value of the assets and the results achieved. In very large measure, as the court noted, this is attributable to the many factional controversies and the uncompromising attitude of the parties (Rosin Appx. 43-44). As of March 31, 1949, the trustee had paid out \$114,826 chargeable as Chap-

ter X expenses. In April 1949 hearings were commenced on sixteen applications for fees and reimbursement for expenses. The total requests, aggregating approximately \$140,000, exclusive of interim allowances previously received, exceeded the total cash and liquid assets as of June 15, 1948 (Rosin Appx. 41). On consideration of the evidence the District Court, by order dated June 28, 1949, allowed to six applicants fees and expenses in the aggregate amount of about \$33,000 and denied the applications of the other ten, including that of appellant herein (Rosin Appx. 44, 87-90).

In his application filed in the court below, appellant requested an allowance of \$10,000 as compensation for services assertedly rendered by him as attorney for the state court trustee, less \$500 paid him in the prior proceeding, and for a further allowance of \$1,000 for services allegedly rendered in the same capacity in the Chapter X proceeding (Rosin Appx. 2-25). The District Court found that the amount of \$500 received by appellant in the prior proceeding was fair and adequate and that, for reasons discussed in detail below, he was not entitled to any additional compensation (Rosin Appx. 47-51). His application was accordingly denied (Rosin Appx. 87, 89), and it is that part of the order which is the subject of this appeal (Rosin Appx. 95-96).

THE ISSUES

The principal issues on this appeal are: (1) whether the District Court applied proper standards of compensability in denying appellant's application for ad-

ditional fees; (2) whether, on the evidence in the record, the District Court abused its discretion by denying appellant's claim for additional compensation.

It is our view that the District Court's determination is in all respects correct and that appellant has failed to show any ground for reversal.

ARGUMENT

Appellant makes two principal contentions on this appeal. First, he urges that as to him the court below did not apply the proper standard of compensability and that as attorney for the state trustees his compensation should be measured not in terms of benefit to the estate but should be determined on the basis of "his effort and diligence in the performance of his duties" (Rosin Brief p. 17). Second, he contends that the court's findings are contrary to the evidence (Rosin Brief pp. 10-16).

We believe that appellant misinterprets the applicable statutory standards and the court's findings with reference to his claim for fees. Section 258 (11 U. S. C. § 658) provides in part that "the judge shall make such provision as may be equitable * * * for the payment of the reasonable costs and expenses incurred therein [in a prior proceeding] as may be allowed by the judge." We do not suggest, and the court below did not hold, that in order to be compensated under Section 258 a receiver, a nonbankruptcy trustee, or his attorney must secure a favorable judgment in the prosecution or defense of claims asserted by or against the estate. We are merely urging that in granting a reasonable allowance for compensation as a cost of the

prior proceeding, to be paid on a parity with other administrative costs and ahead of creditors, the reorganization judge must be satisfied that the services rendered therein were essential and effective for the proper and constructive administration of the insolvent estate, for whose interest the receiver, the non-bankruptcy trustee and his attorney are required to serve. If their efforts and diligence were not beneficial in this sense they are entitled to no compensation.

Insofar as appellant claims compensation for mere "effort and diligence," without reference to the tangible and demonstrable results achieved, such standard is hardly in accord with the declared policy of the Congress to keep the cost of bankruptcy reorganization within economic limits,⁶ and allowances based thereon are neither "equitable" nor "reasonable" within Section 258. Indeed, under Section 258 fee allowances for services rendered in the prior proceeding are to be determined exclusively by the Chapter X court and not by the state court, even though the latter court had supervised the prior administration of the estate and as a rule would be better acquainted with the character of the fee claimant's services. By denying to the state court the power to determine such allowances even initially,⁷ Section

⁶ See *Callaghan v. Reconstruction Finance Corporation*, 297 U. S. 464, 469 (1936); *Brown v. Gerdes*, 321 U. S. 178, 181 (1944). See also *Teasdale v. Sefton Nat. Fibre Can Co.*, 85 F. 2d 379, 382 (C. A. 8, 1936), where the court stated that in the interest of economy it was "not every service that may in some remote degree contribute to the general welfare of the proceeding that the court is bound to compensate . . ."

⁷ *Brown v. Gerdes*, 321 U. S. 178, 182, 183-184 (1944); *In re Keystone Realty Holding Co.*, 117 F. 2d 1003, 1005-1006 (C. A. 3,

258 emphasizes all the more that appellant's compensation must be measured by the contribution of his services to the over-all administration of the estate and not on the basis of time and effort as such. This is the very standard that has been held applicable under Section 241 of the Act which relates to compensation for the Chapter X trustee, his counsel, the attorney for the debtor, and others, despite the absence of any specific statutory requirement that their services be "beneficial."⁸

Like any other fee claimant in the Chapter X proceeding for services rendered to the estate, appellant had "the burden of proving their worth,"⁹ and it was

1941). In *Butzel v. Webster Apartments Co.*, 112 F. 2d 362 (C. A. 6, 1940), it was held that even where the state court had fixed the amount of compensation to be allowed for services in the prior proceeding that amount might be reduced in the supervening bankruptcy reorganization in the light of the standards applicable in the latter proceeding.

⁸ *In re Porto Rican American Tobacco Co.*, 117 F. 2d 599 (C. A. 2, 1941). See also *Oklahoma Ry. Co. v. Johnston*, 155 F. 2d 500 (C. A. 10, 1946); *In re Condor Pictures, Inc.*, 33 F. Supp. 174 (S. D. Cal. 1939), affirmed, 112 F. 2d 575 (C. A. 9, 1940).

The same standard has long been recognized in straight bankruptcy with respect to claims for professional services rendered to a superseded assignee for the benefit of creditors. *Randolph v. Scruggs*, 190 U. S. 533, 539 (1903). Similarly, this standard has been applied to allowances to a receiver and his attorney where the receivership is superseded by bankruptcy. *Hume v. Myers*, 242 Fed. 827 (C. A. 4, 1917); *State of Missouri v. Angle*, 236 Fed. 644 (C. A. 8, 1916); *In re Standard Fuller's Earth Co.*, 186 Fed. 578 (D. C. Ala. 1911); see also *Goldie v. Cox*, 130 F. 2d 690, 698 (C. A. 8, 1942).

⁹ *Woods v. City National Bank & Trust Co.*, 312 U. S. 262, 268 (1941); *Union Guardian Trust Co. v. Manor Realty Co.*, 122 F. 2d 551 (C. A. 6, 1941); *Gochenour v. Cleveland Terminals Bldg. Co.*, 142 F. 2d 991, 995 (C. A. 6, 1944).

incumbent upon him to present the relevant facts on the basis of which the nature and extent of his services might be ascertained, their contribution or benefit to the administration of the estate might be appraised, and his compensation, if any, might be determined. In this case, as the court below found, the evidence does not support his claim for compensation in addition to the amounts previously paid him (Rosin Appx. 50). This is clearly shown upon examination of his claim in the light of the evidence.

1. Appellant's alleged employment prior to September 2, 1938

In his petition appellant states that a few weeks after the appointment of the state court trustees on May 9, 1938, Buxton and Trask, two of the trustees, met at his office and "at said time petitioner was employed and appointed by the Trustees as attorney for Trustees * * *" (Rosin Appx. 6, Rosin Brief 32). The court found that his employment as attorney for the state court trustees was first authorized by order of September 2, 1938, and that the evidence does not show his employment prior to that date (Rosin Appx. 48, 49). The record fully supports the findings of the court below.

The stipulation and order of May 9, 1938, appointing the state court trustees, contemplated that the affairs of the debtor corporations be conducted with the strictest economy for the purpose of paying off creditors. To that end it was provided, *inter alia*, that the proceeds from the operations of the mine be devoted first to the payment of operating expenses and royalties; that no salaries be paid to any officer or

director of the corporations, except to the trustees and operating and office personnel at the mine; that all pending litigation in which either of the corporations was a party be suspended and that no new litigation be undertaken except upon order of the court; and that no liability or indebtedness be incurred on behalf of the corporations except for operating purposes and the payment of salaries as noted above (Rosin Appx. 26-31). The stipulation and order made no provision for the employment of counsel and such employment and accrual of charges for legal services without explicit authority of the state court would have been clearly contrary to the terms under which the trusteeship was established. It was not until September 1938, on the basis of an affidavit showing the necessity for engaging counsel, that Judge Trabucco of the California Superior Court issued in Action 1646 the order of September 2, 1938, appointing appellant herein attorney for the trustees (SEC Appx. 1).

There is nothing in the record to support the claimed appointment of appellant as attorney for the state trustees prior to September 2, 1938. In fact, the exchange of letters between appellant and trustee Udell during the first week of September 1938 appears to show that a request for appellant's appointment as attorney for the trustees was first made on or about September 1, 1938.¹⁰ Nor is appellant's contention

¹⁰ In his letter to Udell dated September 2, 1938, appellant outlined the legal proceedings he intended to undertake in Action 1646, and enclosed Buxton's affidavit requesting an order to employ him as attorney, stating that "Mr. Buxton and Mr. Trask under-

supported by trustee Buxton, who testified as appellant's witness. The sum and substance of Buxton's testimony was that the trustees had employed no one except appellant as attorney, that they met "quite often" with appellant, that Buxton "kept in close touch" with appellant and that appellant represented the trustees "at all times that was demanded" (Transcript 74-75, SEC Appx. 15-16). Buxton's testimony does not even remotely suggest employment of appellant as attorney for the trustees during the months of May through August 1938 or that such employment was even discussed in May 1938.

Appellant's claimed appointment in May 1938 is not even supported by his own testimony as to what allegedly occurred in May 1938. In his direct testimony appellant merely stated that Buxton and Trask met with appellant in the latter's office; that they advised him of having written to Judge Trabucco about employing an attorney; that they talked to appellant about representing them and that this was agreeable to appellant. As previously noted, none of this was corroborated by Buxton, appellant's own witness. Appellant further testified that he had written to Judge Trabucco advising him about his discussion with the trustees and that he inquired "about what arrangement there would be on fees" (Transcript 5). This letter, which appears to have been written on May 21, 1938, was not produced, and Judge Trabucco

stand that it is agreeable with you, and I hope that it is." In his reply dated September 6, 1938, Udell approved appellant's appointment as attorney and the actions contemplated by appellant (SEC Appx. 16-19).

in his reply dated May 25, 1938, makes no mention of appellant's purported employment and, indeed, appellant himself testified that this letter "is not in itself an appointment," and that no order for his appointment was entered at that time (Transcript 5). Judge Trabucco's letter merely refers generally to "attorneys' fees," pointing out that it was inadvisable to make any orders with respect thereto because of the lack of funds but stating that when funds should be available he would allow "attorneys' fees on account" (Rosin Appx. 33). This would appear to refer to allowances for the attorneys, including appellant, who appeared in Action 1646 prior to the appointment of the state court trustees. Appellant makes no claim for compensation for any services he may have rendered prior to the time the trusteeship was established (Rosin Appx. 4; Transcript 68-69).

2. Appellant's claim for compensation for services in state court proceedings subsequent to his appointment on September 2, 1938

This category includes primarily services performed by appellant during the 10-month period prior to the institution of the Chapter X proceeding; and in addition alleged services related to Action 1646 in the state court, which appellant performed when the Chapter X proceeding was already pending. The order appointing appellant as attorney for the state court trustees authorized appellant to commence certain "proceedings intended to be filed by him" in Action 1646 and authorized an advance to him of \$100 to defray incidental expenses, his compensation to be deter-

mined thereafter by the court (SEC Appx. 1). Pursuant thereto, appellant instituted what were in effect two ancillary proceedings in Action 1646, one to enjoin the Humphreys and the directors of the corporations, then controlled by the Humphreys, from negotiating the cancellation or revision of the lease under which Mount Gaines was operating the mining property, and the other to prevent the officers and directors from incurring any obligations on behalf of the corporations (Rosin Appx. 48-49). To a very large degree, these proceedings served to implement the stipulation and order of May 9, 1938, which provided that the state court trustees assume management and operation of the debtors' properties, and that the proceeds from the operation of the mines be transmitted to the trustees to be used for purposes previously described. The stipulation and order also enjoined the payment of salaries to officers and directors, the holding of stockholders' meetings and restrained all persons from interfering with the possession and control of all property in possession or under the control of the trustees (Rosin Appx. 26-27, 28, 29, 31).

On October 3, 1938, the state court in Action 1646 issued an order granting the aforesaid relief (Rosin Appx. 34-35). The same order awarded appellant an interim allowance of \$300.¹¹ Under a later order appellant was granted an additional allowance of \$200

¹¹ By the same order the court also directed that the accounting and report of the trustees, as presented and as approved by the court, be filed (Rosin Appx. 35). According to the testimony of trustee Udell this refers to reports by the trustees to creditors and stockholders (SEC Appx. 12-13).

on account, making a total of interim allowances to him of \$500 (Rosin Appx. 48-49), in addition to the \$100 allowed and paid to him for incidental expenses (SEC Appx. 1).

As previously noted, appellant requested in the court below an over-all fee of \$10,000 for services rendered to the state trustees in the nonbankruptcy proceedings, less the \$500 previously allowed him. The court found that appellant had received adequate compensation for his services in the nonbankruptcy proceedings, while as to the other alleged services in the state court proceedings the evidence failed to show that they were of direct and demonstrable benefit to the estate (Rosin Appx. 49-50). It is submitted that the findings of the court below are in accord with the evidence. On analysis, the record shows that in general appellant misstated or exaggerated the extent or importance of his services, in some instances claiming sole credit for results accomplished largely or wholly by the efforts of others. The record is also replete with general allegations of time and effort devoted, but without the requisite factual support on the basis of which the character of his services could even be ascertained, much less appraised and evaluated.

For example, appellant alleges that pursuant to authority of the Court in Action 1646 he prepared and filed a suit for an accounting against Humphrey, that the action was withdrawn on the advice of the Court, that a stockholder action for an accounting was subsequently brought on the basis of appellant's data,

and that compensation has been awarded to the attorneys in that suit, "though no recovery was made" (Rosin Brief p. 13; Rosin Appx. 15-16).

This is an incorrect and incomplete statement of the matter and in any event it is clear that appellant can claim no additional compensation for any alleged services in that lawsuit. The record shows that on September 2, 1938, when he was appointed attorney for the trustees, appellant prepared an application for leave to file an action against the Humphreys for an accounting (SEC Appx. 16-17). The basis of the proposed action appears to have been the alleged illegality of the election of the Humphrey board at the end of 1937, and the accounting was for salaries, attorneys' fees and other disbursements which these directors had made on behalf of the corporation from the time of their assumption of office (SEC Appx. 18). Appellant testified that authority to file the suit was initially granted by the state court, but by letter dated October 7, 1938, Judge Trabucco withdrew his authorization because it was not advisable to incur any additional litigation expenses, and the action accordingly was not filed (Transcript 46-47).¹² Thereupon, according to his testimony, appellant persuaded the trustees to permit him to go ahead with the proposed action upon the understanding that he "wouldn't ask for any fees" except a "reasonable charge" for

¹² The court also refused to grant the trustee's request to institute an action for a declaratory judgment regarding an interpretation of the lease (Rosin Appx. 35). Some aspects of the controversies regarding the terms of the lease under which the mine was operated reached this Court. See cases cited, note 2, *supra*.

amounts recovered (Transcript 47). Appellant filed the action but shortly thereafter withdrew it at the insistence of one of the trustees (Transcript 48).¹³

Appellant also contends that in measuring the extent and value of his services account should be taken of the allegedly successful administration of the state court trusteeship. In support thereof, he alleges that when the Chapter X petition was filed in June 1939 the assets of the debtor, as shown by the Chapter X petition, were in excess of \$100,000 and that "liabilities were then approximately half that amount" (Rosin Brief p. 28); and that but for the intervention of the Chapter X proceeding "the trustees were prepared within a brief time to report to the Court that the corporations were in good standing and that their duties had been fulfilled" (Rosin Appx. 17-18). Wholly apart from the question of appellant's contribution to the alleged success of the state court trusteeship, the facts shown by the record are to the contrary. The Chapter X petition for reorganization, which was approved by the court, expressly alleged that the debtor was unable to meet its debts as they matured, that it was faced with a

¹³ Subsequently, a minority stockholders' suit was brought against the Humphrey board for an accounting. That action was ultimately dismissed as part consideration for the settlement of the claims of the Humphreys against the debtors (Rosin Appx. 69). The Chapter X trustee was represented in that action by special counsel appointed by order of the Chapter X court, for which services counsel has been allowed compensation (Rosin Appx. 68-69). Appellant's contention that the data prepared by him were used by the Chapter X trustee was not substantiated and, indeed, the documents in question, on the basis of which their significance might be appraised, were not produced by appellant.

host of claims and possible attachments and that reorganization was necessary in order to effect payment of all such claims and to assure continued operation of the mine by the debtor. Moreover, as expressly found by the court below (Rosin Appx. 43), when the state court trusteeship was superseded by the Chapter X proceedings, there were filed 54 creditors' claims in the aggregate amount of about \$203,000. It was in the course of the Chapter X proceedings that these claims were reduced by approximately \$113,000 as a result of litigation, settlement or rejection by the Chapter X trustee.

Appellant also alleges that he saved the estate about \$2,000 by effecting a settlement at a discount of a number of undisputed claims (Rosin Appx. 16-17). This is not in accord with the facts. According to the testimony of A. G. Ilseng, appellant's own witness, it appears that the settlement of these claims was negotiated personally by Ilseng, who had been in control of the debtor corporations when the liability on these claims was incurred, and that Ilseng agreed to undertake the settlement negotiations without charge except for actual expenses (SEC Appx. 11-12). Judicial approval for the settlement of these claims, which were undisputed, was presumably a routine matter and, indeed, Ilseng himself secured the judge's signature to the order authorizing their payment (SEC Appx. 4-5). The extent of appellant's contribution to these matters appears to have been incidental and nominal.¹⁴

¹⁴ Appellant sought to introduce an alleged copy of a petition to the state court for authority to pay off past obligations. This

Appellant also bases his request for additional compensation on his opposition to the suits against the debtors by Edwards and Riemer in June 1939 (Rosin Brief, pp. 13-14). The substance of his opposition was that no process had been served on the state court trustees and that these suits were collusive (Rosin Brief, p. 8). From his fee application and his testimony, it appears, however, that he was unacquainted with the nature of these actions. He appeared in court requesting postponement of the trial, but the court denied the request, stating that on the record the parties appeared to be properly represented. Judgment was thereafter entered in favor of the claimants (Rosin Appx. 12-13; Transcript 35-37).¹⁵ In the Chapter X proceedings, which followed shortly, these claims were contested by the Chapter X trustee, and eventually the Riemer claim was allowed in full and the Edwards claim (assigned to Peel) was compromised.¹⁶

copy was received in evidence only for the limited purpose of showing the list of claims attached to that petition (Transcript 26-27).

Appellant also claims credit for settling a \$1,360 judgment, plus interest (Atlas Powder claim) for \$1,000 (Rosin Appx. 16-17). From his testimony, however, it would appear that the extent of his services is not readily ascertainable (Transcript 24-26).

There appears also some alleged claim for services in connection with a claim of one Knowles (Rosin Brief p. 11). This claim was not specifically mentioned in appellant's fee application and his testimony regarding it is meagre and vague (Transcript 27).

¹⁵ In his application appellant states he had consulted one of the trustees before appearing in those actions (Rosin Appx. 12), while in his testimony he could not recall having consulted any of the trustees (Transcript 35).

¹⁶ The pleadings and orders on these claims are included in Record Volume III.

Appellant also claims compensation for alleged services in the suit brought by one Gustaveson against the Mount Gaines Mining Company for a declaratory judgment allegedly affecting the property and lease of the mine. In his application appellant states that after consultation with the trustees he prepared an answer and cross-complaint to that action, "mailed a copy thereof to plaintiff's attorneys, and then proceeded to file same with the clerk of the Court, upon which petitioner was informed that the plaintiff had dismissed the said action" (Rosin Appx. 15). Although the stipulation and order of May 9, 1938, appointing the trustees, had enjoined the undertaking of any new litigation except upon written approval of the court (Rosin Appx. 30) and the court had specifically refused to authorize the bringing of a declaratory action for interpreting the lease (Rosin Appx. 35), appellant procured no court authorization to intercede in the Gustaveson suit in which the trustees were not named as parties. According to his testimony, appellant prepared the pleadings in January 1939 on instruction of trustees Buxton and Trask. Trask, however, refused to sign the papers, having resigned in the meantime, and appellant did not secure any authorization from Trask's successor or the third trustee. Finally, when in March appellant forwarded the papers to a local attorney for filing, he was advised by the latter that the action had been voluntarily dismissed and the pleadings were not filed (Transcript 16-20). From his testimony it is clear that there was no causal connection between appellant's efforts

and the dismissal of the action, although his fee application, as quoted above, seemingly suggests that there was.

Appellant also refers to his success during January and March of 1939 in opposing the motion of Humphrey to discharge the state court trustees (Rosin Appx. 10-11). He omitted to disclose, as he later testified on cross-examination, that two other attorneys representing various parties in Action 1646, vigorously opposed the Humphrey motions (Transcript 32-34; SEC Appx. 4). He also testified that this matter was taken up to the Supreme Court of California on a writ of prohibition but admitted that he did not participate in that phase of the proceeding (Transcript 34). The extent of his contribution vis-a-vis the other attorneys is not clear. He testified that he prepared a two-page affidavit of Buxton and a one-page document in "opposition to motion" (Transcript 28), but he did not introduce them in evidence.

Appellant also cites his successful opposition to Ilseng's motion to dismiss Action 1646 in June 1947. He alleges that he filed a petition against the motion and states that as a result of his efforts the motion was denied (Rosin Appx. 14-15). It should be noted, however, that this motion was filed 8 years after the state court trusteeship had been superseded by the Chapter X proceeding. Action 1646, it will be recalled, was a minority stockholders' suit for the benefit of International to obtain an accounting from Ilseng and others and a determination of the validity of the issuance to Ilseng of class A stock of International

(Rosin Appx. 46-47). This asserted cause of action passed to the Chapter X trustee¹⁷ and, since the issues there involved were also raised in connection with Ilseng's claims against the estate in the Chapter X proceeding,¹⁸ the reorganization trustee obtained authority to appoint F. E. Braucht, special counsel, to oppose the motion to dismiss. As a result of his efforts, as the court below found, no action was taken by the state court on the motion to dismiss and Braucht was allowed \$200 compensation for his beneficial services (Rosin Appx. 46-47). As the trusteeship had long been superseded by the Chapter X reorganization, appellant had no interest in the stockholders' suit against the Ilsengs. He received no authority from the Chapter X court to intercede—nor, for that matter, from the state court trustees (Transcript 38-39). Appellant was a mere volunteer,¹⁹ and the estate may not be taxed for his alleged services, especially where the required services were properly and effectively performed by counsel specially appointed by the Chapter X court for that purpose.

Finally, throughout his petition and testimony, there appear vague and general references to “a number of court appearances” in Action 1646, in addition to those discussed above, occupation “almost daily”

¹⁷ *Meyer v. Fleming*, 327 U. S. 161, 167-168 (1946).

¹⁸ The claims of Ilseng and the cross-claims were compromised in the Chapter X proceeding through the efforts of special counsel employed by the Chapter X trustee pursuant to court authority (Rosin Appx. 85-86).

¹⁹ See *In re Porto Rican American Tobacco Co.*, 117 F. 2d 599 (C. A. 2, 1941); *In re Progress Lektro Shave Corp.*, 117 F. 2d 602 (C. A. 2, 1941).

with some undescribed “business of the Trusteeship,” and use of appellant’s office for carrying on “the business of the Trustees (Rosin Appx. 18; Rosin Brief p. 5; SEC Appx. 13–15). Insofar as any of the foregoing are not related to the particular alleged services which he describes elsewhere in his petition and which we have discussed previously, there is nothing in the record from which the nature and extent of these alleged efforts might be ascertained and their contribution to the estate determined. Nor has appellant provided any reason for his alleged preoccupation with the daily routine business of the trustees, even if it is assumed that such were the case, inasmuch as each of the trustees was paid \$150 per month plus necessary expenses for these services.²⁰ Since the “business of the Trusteeship” consisted of general supervision over mining operations conducted by a manager and office personnel at the mine, vague and indefinite allegations about “almost daily” preoccupation with such business can scarcely warrant compensation for services of appellant as attorney.

3. Appellant’s claim for compensation for alleged services in the Chapter X proceeding

Appellant also claims compensation in the amount of \$1,000 for services allegedly rendered in the Chapter X proceedings. Purportedly acting on behalf of the state court trustees appellant appeared in opposition to the Chapter X proceeding and subsequently

²⁰ Appellant admits that during their thirteen months in office the three trustees received \$5,850 in fees plus expenses (Rosin Appx. 18).

in connection with the filing of reports for the state court trustees. These are the only services upon which appellant bases his claim for \$1,000. The court below found that these services did not confer "any direct, substantial and demonstrable benefit upon the estates in reorganization" (Rosin Appx. 51).

The answers filed by appellant were intended to oust the Chapter X court from its jurisdiction and reflected only the views of a dissentient state court trustee.²¹ His efforts, of course, were not successful. As for appellant's services in connection with the accounting by the state court trustees, it appears that such a report had been prepared by certified public accountants and signed and filed in the state court by two of the three trustees (SEC Appx. 12-13). There is nothing in the record to show the need or usefulness of the minority

²¹ The court below found that in the matters in which appellant sought to appear in the Chapter X proceeding he indicated authorization only by one of the three state court trustees and that the evidence showed no authority to represent the state court trusteeship (Rosin Appx. 51). Appellant relies on a presumption that an attorney who appears on behalf of a client has been properly authorized (Rosin Brief pp. 22-23). Whatever the effect of the cases cited by appellant, they do not relate to a situation where the attorney appears as a fee claimant and hence are not relevant. In any event, as pointed out in the text with respect to the accounting, appellant clearly did not represent a majority of the state court trustees. Similarly, it appears that the answers purportedly filed on behalf of the state court trustees were actually on behalf only of the one trustee since the names of the others had been crossed out. Appellant admitted they did not sign the answers, and thereafter, when appellant had filed a notice of appearance on behalf of the trustees, the Chapter X trustee moved to vacate his appearance. Although appellant stated that this motion had been denied (Rosin Appx. 20), on cross-examination he conceded that the court had not acted upon it (Transcript 56-57).

report on behalf of the third trustee, and the court below specifically refused to recommend that such a report be filed in the state court, although he had no objection to its being filed there (SEC Appx. 7-10). Subsequently, the court below refused to allow appellant permission to file a report in the Chapter X proceeding (SEC Appx. 12-13; Transcript June 19, 1942).

4. The findings of the court below are supported by the evidence

From the foregoing analysis it is clear that the record fails to substantiate appellant's asserted contributions or benefits to the estate on the basis of which he would have the court award him an additional \$9,500 in fees for alleged services on behalf of the trusteeship in the state court proceedings and \$1,000 for services in the same capacity in the Chapter X proceeding. As we have shown in detail above, appellant's enormous claim is based largely upon an exaggerated view as to the extent and importance of his alleged services and most of his arguments reflect merely disagreement with the court's view as to the weight and sufficiency of the evidence. Such disagreement, however, affords no valid ground for disturbing the court's findings.²² In the exercise of its statutory responsibility over fee allowances, the court considered the evidence in the record. It concluded that the \$500 previously allowed and paid to appellant was fair and reasonable compensation and that he was not entitled to any more. That determination should be sustained on appeal, unless it is

²² *Silver v. Scullin Steel Co.*, 98 F. 2d 503, 505-506 (C. A. 8, 1938).

shown that the court's findings are so clearly erroneous as to amount to an abuse of discretion and a "manifest disregard of right and reason."²³ No such showing has been or can be made in this case.

Furthermore, it should be observed that in bankruptcy reorganizations, consideration must be given not only to time and labor but also to the importance of the issues, the value of the property and ability to pay.²⁴ It is, therefore, pertinent to note that the debtors were under state court administration for about 10 months following appellant's appointment as attorney for the state court trustees, as against 10 years of Chapter X administration, and that, as disclosed by the petition for reorganization, the prior proceeding was unable to cope with the financial difficulties of the debtors and the substantial amount of claims still outstanding.²⁵ When the petitions for al-

²³ *In re Mt. Forest Fur Farms of America*, 157 F. 2d 640, 648 (C. A. 6, 1946); *Stein v. Hemker*, 157 F. 2d 740, 743 (C. A. 8, 1946); *London v. Snyder*, 163 F. 2d 621, 625 (C. A. 8, 1947); *In re American Mail Lines, Ltd.*, 115 F. 2d 196, 198 (C. A. 9, 1940).

²⁴ *In re Detroit International Bridge Co.*, 111 F. 2d 235, 237 (C. A. 6, 1940); *Oklahoma Ry. Co. v. Johnston*, 155 F. 2d 500, 502-503 (C. A. 10, 1946); *In re Columbia Ribbon Co.*, 117 F. 2d 999, 1002-1003 (C. A. 3, 1941); *In re Keystone Realty Holding Co.*, 117 F. 2d 1003, 1006 (C. A. 3, 1941).

In the *Keystone* case, *supra*, the court held that allowances for services in a prior proceeding should be made at the end of the Chapter X proceeding, at which time such services could be appraised in the light of the over-all reorganization and the availability of funds for payment to all fee applicants.

²⁵ The total undisputed claims settled in the prior proceeding—and that, as we have seen, accomplished largely by the efforts of others—amounted to \$27,000 (Transcript 24). Total claims outstanding when the Chapter X proceedings were brought were over

allowances were before the court, total administrative costs of the reorganization were about \$145,000, an amount which the court deemed "high in relation to the value of the assets and the results accomplished" (Rosin Appx. 44). Mining operations have been suspended because the ore produced was not of sufficient quality to make commercial operation profitable (Rosin Appx. 41), reorganization was found to be not feasible and both corporations are now in bankruptcy liquidation. Of the total fees and expenses requested, amounting to over \$140,000, the court allowed only about \$33,000, bringing total allowances for all counsel to about \$59,000 (Rosin Appx. 44), and, in view of the financial condition of the debtors, there is doubt whether there will be sufficient funds to pay in full these allowances plus the cost of liquidation. In the light of the foregoing and the facts pertaining to appellant's alleged services as previously discussed, it is submitted that the court's finding that \$500 was fair and adequate was proper and in accord with the evidence.

\$200,000 and were settled and otherwise disposed of subsequently for a little better than half that amount.

CONCLUSION

The order appealed from should be affirmed.
Respectfully submitted.

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MARCH 1950.

No. 12331.

IN THE

United States Court of Appeals

FOR THE NINTH CIRCUIT

CHARLES I. ROSIN,

Appellant,

vs.

J. P. HART, Trustee in Bankruptcy of the ESTATE OF INTERNATIONAL MINING & MILLING Co., debtor, and SECURITIES AND EXCHANGE COMMISSION,

Appellees.

REPLY BRIEF OF APPELLANT.

CHAS. I. ROSIN,

408 South Spring Street, Los Angeles 13,

Appellant in Propria Personam.

FILED

MAR 27 1950

TOPICAL INDEX

	PAGE
Reply to appellee's statement of issues and argument.....	1
Point I. Re appellant's employment prior to September 2, 1938	3
Point II. Re compensation for services subsequent to September 2, 1938.....	6
Appellee's Brief, page 20—Re Gustaveson suit.....	12
Appellee's Brief, page 21—Re opposition of motion to dismiss trustees	13
Point III. Regarding compensation covering period under Chapter X proceedings.....	17
Point IV. The findings are not supported by the evidence.....	18
Point V. The discretion of a trial court in awarding attorney fees is subject to more extensive review when the services were not performed before the judge making the award and the Appellate Court is in as favorable position to determine the extent of the services as the trial court.....	19
Point VI. Appellee has failed to controvert the issues raised by appellant	20
Conclusion	23

TABLE OF AUTHORITIES CITED

CASES	PAGE
Conover v. West Jersey, Mrt., 96 N. J. Eq. 441, 126 Atl. 855....	16
Mortimer v. Pacific States Savings, 145 P. 2d 733.....	2, 19
New York Investors, In re, 79 F. 2d 182.....	16

STATUTES	
Bankruptcy Act, Sec. 241.....	2
Bankruptcy Act, Sec. 243	2, 22
Bankruptcy Act, Sec. 258	2, 22

TEXTBOOKS	
53 Corpus Juris, pp. 170, 377.....	4
53 Corpus Juris, p. 380, Note 58a.....	16
53 Corpus Juris, p. 378.....	19

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REPLY BRIEF OF APPELLANT.

Reply to Appellee's Statement of Issues and Argument.

Pages 6 to 10, Appellee attempts to restate the issues by stating that Appellant has two issues, one of which is (Appellee's Brief, p. 7): That he contends his compensation should be measured by "his effort and diligence" and not by "the benefit to the estate." That is not the issue as Appellant stated it. Points one and two of Appellant's Brief state the issues on this subject: The twist Appellee gives to the issue may facilitate his argument, but is one of his own choosing. It would be foolhardy for Appellant

to claim compensation for “effort and diligence” unless it were coupled with services which were necessary in the preservation of the trustee’s estate. When so coupled “effort and diligence” is a material factor.

Mortimer v. Pacific States Savings, 145 P. 2d 733 at 737.

We mention the above because the skill and faithfulness of an attorney are elements to be considered in fixing the fees of an attorney for a receiver.

As pointed out in the opening brief, the Court did not deny compensation because the services were not required or necessary in the preservation of the estate, but erroneously applied the standards of Bankruptcy Act, Section 243, which makes compensation dependent on the “direct benefit to the estate,” which language is not used in Section 241 or 258, and which language the Court did use in its findings as the reason for denial of compensation.

The other issue Appellee states is the point as to whether the Court abused its discretion in denying Appellant’s claim for compensation. We do not accept Appellee’s version of what Appellant’s issues are, and prefer to stand on our points as we submit them. They are set out in Appellant’s opening brief and there are more than two issues, as stated by Appellee.

POINT I.

Re Appellant's Employment Prior to September 2, 1938.

The gist of Appellee's contention is:

- (1) The stipulation for appointment of trustees, and the order appointing them, made no provision for employment of counsel.
- (2) The letters between Appellant and Udell do not indicate that Appellant was employed prior to September 2, 1938.
- (3) Buxton did not testify regarding any employment prior to September 2, 1938.
- (4) Judge Trabucco's letter of May 25, 1938, regarding compensation to Appellant makes no reference to his employment as attorney.
- (5) Appellant makes no claim for services prior to the appointment of the trustees.

True, the appointment of trustees stated nothing about appointment of an attorney for them: Such a reference in appointing a trustee is neither customary nor necessary. The Order of Appointment and the Stipulation are in the most brief form, merely stating the duties and functions of the trusteeship (Rosin Appx. pp. 26-31).

With reference to the letters between Appellant and Mr. Udell: The only activity of Mr. Udell in the trusteeship was the management of operation of the mine. Mr. Buxton and Mr. Trask attended to all other business [Buxton testimony, Tr. p. 73, lines 5 to 16; Appellant's testimony, Tr. p. 19, lines 15 to 18]. No appearance in Court was

necessary until the early part of September, 1938, when the Order of Appointment was made [Tr. p. 5, line 22, to p. 6, line 13]. A formal order of appointment for a state receiver is not necessary.

53 Corpus Juris, p. 170.

A receiver may employ counsel without getting authority from the Court.

53 Corpus Juris, p. 377.

A receiver being entitled to the assistance of counsel in proper cases will be allowed reasonable and proper fees in this behalf even where the employment of counsel was not previously authorized by the Court.

There is nothing unusual in an attorney who has been representing a state receiver, requesting the receiver to sign a formal petition for an order for appointment upon the attorney finding it necessary to make a court appearance of record for the receiver. There is nothing unusual or improper in Appellant informing Mr. Udell that the other two trustees had approved of him as their attorney and asking his approval before appearing in Court for them. A reading of the Order allowing appointment of Appellant shows that one of the purposes in having the order of appointment made was the allowance of advancement of costs.

Appellee says Mr. Buxton did not testify regarding the services before September 2, 1938. Mr. Buxton's testimony was relatively brief. He did not testify to all the details testified to by Appellant. When it is remembered

that there were sixteen applicants and the Court allowed only two days for hearing all petitions, Appellant taking more than half of that time on his petition, we do not believe Appellant could be expected to have gone into greater particularity than he did. Mr. Buxton did not testify when Appellant's services commenced. He did testify that Mr. Trask and he, with the help and direction of Appellant, handled all the business affairs. He did not say that such help and direction did not commence until September 2, 1938 [Tr. p. 73, lines 5 to 12].

Finally, Appellant says that Judge Trabucco's letter of May 25, 1938, makes no reference to the compensation of Appellant, referred to in the letter as being for services in the capacity of attorney for trustees, and that Appellant makes no claim for services he may have rendered prior to the trusteeship. Appellant not having been an attorney in the action or before Judge Trabucco before the appointment of the trustees or in any other capacity and making no claim for any other services prior to the trusteeship, the reference by Judge Trabucco in his letter to allowance of fees could not possibly refer to any services excepting in the capacity as attorney for trustees.

POINT II.

Re Compensation for Services Subsequent to September 2, 1938.

On page 13 of Appellee's Brief he states: "The order appointing Appellant as attorney for the State Trustee authorized Appellant to commence certain 'Proceedings intended to be filed by him.'" Appellee must certainly have misread the Order. The text of the quotation given by Appellee does not at all relate to "authorize Appellant to commence 'certain proceedings.'" The quotation is with reference to allowance of "Court costs and other incidental expenses in connection with 'proceedings intended to be filed.'" It is necessary to keep the record straight as a premise for discussion of the facts and issues.

Page 15 of Appellee's Brief states that Appellant exaggerated the extent or importance of his services, claiming credit for results accomplished by others. Particulars as to these claimed exaggerations are the following:

- (1) Services with reference to suit filed for accounting against Humphrey (Appellee's Brief, p. 15) and that Appellant's statement in regard thereto is incorrect (Appellee's Brief, p. 16).
- (2) Appellant's statement that when petition under Chapter X₁ was filed, the assets were in excess of \$100,000 and liabilities approximately half of that amount (Appellee's Brief, p. 17).
- (3) That Appellant erroneously claims that he saved the estate approximately \$2,000.00 in settlement of undisputed claims (Appellee's Brief, p. 18).

- (4) That his appearance in San Francisco on the trial of the Reimer and Edwards claims is not a subject for compensation (Appellee's Brief, p. 19).
- (5) That his services in answering the Gustaveson suit are not a subject for compensation (Appellee's Brief, p. 20).
- (6) That Appellant attempted to mislead the Court with reference to his services on Humphrey motion to discharge the trustees (Appellee's Brief, p. 21).
- (7) That Appellant was a mere volunteer in opposing motion of Ilseng to dismiss action No. 1646 (Appellee's Brief, p. 21).
- (8) Vague reference to appearances in Court proceedings and no reasons given for the giving of office time to the business of the trusteeship.

Greater particularity of these inaccuracies as stated by Appellee are as follows:

On page 16 of Appellee's Brief in discussing the accounting suit against Humphrey, reciting facts testified to by Appellant, the paragraph commences with the statement that Appellant's contention that the stockholders' suit was later prepared on data compiled by Appellant and that the attorneys in Chapter X proceedings, for which compensation was allowed, had the benefit of Appellant's preparation, is an incorrect statement. However, in Note 13, on page 17 of the brief, Appellee cites the evidence proving this very contention of Appellant. Appellee concludes in said Note 13 with the statement that the data prepared by Appellant for this suit was not produced in evidence. Neither the Court nor other counsel at the hearing asked for such data from Appellant or similar data from the attorneys who were allowed compensation

in a hearing covering any of the other petitions, consuming a total of two days, of which time Appellant used more than half of the total time, the argument that Appellant did not go more fully into detail does not carry conviction.

Apparently the Court did not feel that the other fifteen petitioners heard in approximately one day, were required to testify in such extensive detail regarding their services, which it is complained Appellant failed to do. The preparation of the suit by Appellant and filing thereof against Humphrey was upon Order of the Court, later rescinded to save further expense. For services rendered on this action until revocation of Order by the Court, Appellant is entitled to compensation, though upon such revocation Appellant undertook to proceed with the action on agreement for compensation depending on recovery, which through no fault of Appellant, the Trustees ordered discontinuance of. We fail to find from Appellee's statements and arguments in what particular Appellant has incorrectly stated the facts.

Appellee's Brief, page 17, states that the matters recited by Appellant are incorrect with reference to the successful administration by the State Trustees. The statement in Appellant's Brief of current assets and liabilities at the time of filing under Chapter X are taken directly from the Statement of Account in the petitions filed by Humphrey for reorganization, who certainly cannot be accused of attempting to show the State Trustees in a favorable light. Appellee further states that the petition for Chapter X proceedings alleges that the debtor is unable to meet its debts as they mature. Neither the State Trustees nor Appellant can accept responsibility for such unsupported statement by Mr. Humphrey in his petition. It has no foundation in truth or fact. Not only

had the Trustees taken care of all current accounts, but had reduced the liabilities which were outstanding when they went into office. The falsity of Humphrey's petition for reorganization is apparent on its face.

From the proceedings that had taken place before the filing thereof it is apparent that Humphrey was only interested in ousting the trustees and obtaining control of the coffers of the company himself, and falsely averred in the petitions to support his request that he have control of the affairs of the corporations; that his board of directors were then in charge and control, when the fact was that the trustees acting under the State Court had been in control for more than a year. In his petition he failed to inform the Court that such trustees were then in active charge. The threat of attachments referred to in the petition are levys Humphrey himself attempted to make by attempting to buy up an existing judgment, in which he was frustrated by Appellant [Tr. p. 25]. The integrity of Humphrey's petition as authority for Appellee's statement lacks persuasion, for the threatened attachments were those on claims he was attempting to purchase so that he could use them to embarrass the Corporations. In disputing the efficacy of the services of the Trustees and Appellant as their counsel, Appellee asserts that \$203,000.00 in claims were filed in Chapter X proceedings. He fails to state that these were not primarily claims or accounts incurred by the Trustees, but mostly disputed claims, including those without any merit which originated prior to the trusteeship, including a number which had not theretofore been made in the State Court, and claims for attorney fees for services in the State Court proceedings, which it is unlikely would have had much favorable consideration in that Court. Appellant seems to take much satisfaction in the fact that these

claims, for the most part, disputed, rejected, and often without any merit, were reduced from \$203,000 to \$113,000. This at an expense of \$145,000 allowed before the hearing for final allowances and \$33,000 allowed at that time, a total of \$178,000 (Appellee's Brief, p. 27) is not very impressive.

In Appellee disputing Appellant, he states: "The facts are to the contrary" in commenting on Appellant's statement of the successful operation by the State Trustees. We fail to find substance to the charge by Appellee unless the basis of his premise is the obvious false petition for reorganization filed by Humphrey.

Appellee further accuses Appellant of misstating the facts relative to the settlement of undisputed claims at a saving of approximately \$2,000. In doing so he disregards much of the evidence in this particular. Appellant at no time stated that this settlement was accomplished without the aid of others. On page 17, Rosin Appendix, Appellant states that he appeared in Superior Court at Mariposa for the Court to sign the approval of the compromise. In this apparently he is in error. Mr. Ilseng testified that he brought the Order, which Appellant had prepared, up to Judge Trabucco. Mr. Ilseng is correct. After a lapse of ten years some incidents of not too great significance lose their vividness. Appellant appeared before the Court frequently, and if Appellant stated in error that he personally presented the Order, it was not intentional. It is true that Appellant gave the Order to Mr. Ilseng to hand to Judge Trabucco. However, in his testimony Appellant stated that he prepared the affidavit and Order, and gave same to Mr. Ilseng to take to Mariposa. Aside from that, we do not find the claimed incorrectness in Appellant's statements. A reading of Appellant's petition (Rosin Appx. 16) specifically recites that his services

were "with the assistance of the Trustees" and "In collaboration with the Trustees." Also, Transcript, page 22, line 7, to page 26, line 26, Appellant states specifically what he did and of the time spent with the Trustees on the matter. Also, Mr. Ilseng testified (see Appx. p. 4) that Appellant, Mr. Buxton and he drove up to La Jolla, where Mr. Trask lived, and spent the day there; that Appellant phoned attorneys in San Francisco regarding accounts, and going over undisputed claims in the amount of approximately \$27,000, which it was advisable to pay and obtain discounts wherever possible. Appellee states (Brief, p. 19, Note 14) that Appellant claims credit for settling Atlas Powder Co. claim, and that the extent of the services are not ascertainable. Transcript, page 22, line 22, to page 23, states what Appellant did.

Appellant had been negotiating with attorneys Busch & Simpson of San Francisco, representing Atlas Powder Co., in a judgment which, with interest, amounted to about \$1750.00 and which Humphrey was attempting to buy so he could use it for levy against the corporations [Tr. p. 23], which was settled for \$1,000. That Appellant and the Trustees discussed a number of other claims which it was determined not to pay. That prior to the meeting in La Jolla, the said claims to be paid were discussed on many occasions with the Trustees.

Appellee's Brief, page 19, regarding trip from Los Angeles to San Francisco to oppose Reimer and Edwards action, Appellee brushes the matter off very lightly. On Transcript page 34, line 24, to page 37, line 6, Appellant testified about learning of the actions, that as a result of the information he had, he believed that the claims were not meritorious and that the actions were collusive with Humphrey. That he went to San Francisco, took

Ilseng along as a witness and appeared in Court, and that after examination of witnesses by Appellant, the parties compromised the action. Going to San Francisco, appearing in Court, and return to Los Angeles took several days. Appellant would have been derelict in his duty had he failed to take steps in an effort to prevent these collusive proceedings. Appellee says that in Chapter X proceedings, one of these claims was allowed and one compromised. Appellant does not know to what extent these claims were opposed, nor was he called upon for information available. The responsibility for the later allowance and compromise of these claims is not that of Appellant. The Appellant was not requested to appear as a witness in Chapter X proceedings on these claims, though he offered the Trustee's counsel to go to Carson City as a witness [Tr. p. 37].

Appellee's Brief p. 20—Re Gustaveson Suit.

Appellee states Appellant procured no Court authorization to defend the action. None was required. The suit was to quiet title against the corporation of which the Trustees were in charge. The directors of the corporation were not functioning; the Trustees were responsible to defend the lease, the principal asset of the corporation. Further objection by Appellee is that the Order appointing trustees provides that no new litigation shall be commenced without Order of the Court. Defense of an action commenced by a third party to quiet title to the corporation property is not "commencing a new action." Preparation of the defense upon advice of trustees Buxton and Trask was prior to confinement by Appellant as a result of an automobile accident on the way back from a hearing in Mariposa. The month following, March, the

answer was prepared and sent to Mariposa for filing. Mr. Trask had in the meantime been intimidated by Mr. Humphrey to resign as trustee, and to Appellant's knowledge, he had not been replaced. Trustee Udell did not take part in the business affairs of the corporation. Appellant was carrying out orders he had received from Trask and Buxton to file the answer [Tr. p. 15, line 22, to p. 19, line 26]. It is an unusual criticism that a trustees' counsel was too mindful in protecting the interest of the estate he represents. We must presume from Appellee's argument that his recommendation would have been to take the risk of having a default entered. Appellee concludes with the assertion that Appellant was not responsible for the dismissal of the action. Appellant has no information regarding the cause of dismissal and never suggested that he had, though Appellee without any grounds therefore states that Appellant "seemingly suggests" that he was responsible for the dismissal.

Appellee's Brief p. 21—Re Opposition of Motion to Dismiss Trustees.

It gives Appellants as counsel appearing in *propria personam* little satisfaction to engage with opposing counsel in attack and counter-attack on the genuineness of statements made in a brief. He is aware too that the Court does not look with favor on such conduct. However, to fail to call the Court's attention to inaccuracies in reference to the record may imply assent. In relation to Appellant's reference to his services on the Motion to Dismiss Trustees, insinuation is made that Appellant attempted to mislead the Court with these words (Appellee's Brief p. 21) "He omitted to disclose, as he later testified on cross-examination, that two other attorneys represent-

ing various parties in No. 1646 vigorously opposed the Humphrey motions.” Such insinuations are not in good grace, particularly when not well founded. To support the insinuation of Appellant attempting to mislead the Court, Appellant cites Transcript pages 32-34 and S. E. C. Appx. 4. These citations do not bear out his assertions. There is no evidence that *two* other attorneys *vigorously* opposed the motion. The evidence is that Mr. Kempley didn’t feel the appointment should be vacated and that he appeared; also that Mr. Hubbard, who represented Humphrey who made the motion, and with whom he had temporarily fallen out, was also present. There is no evidence that he opposed it *vigorously* or otherwise. If he did not represent Humphrey, the maker of the motion, at that time, he represented no one. Also cited from Sec. Appx. 4 is Mr. Kempley’s record of time. Of course, Appellant does not feel responsible for the record of his time as submitted on his petition for fees, any more than he could be asked to be held responsible for Appellant’s petition, though it is not disputed that he was present in Court. The trusteeship being attacked was that of Appellant’s clients and the responsibility of defending the motion was his.

Appellee proceeds (Brief p. 21) to state that Appellant admitted he did not participate in the proceeding on the Petition for Writ of Prohibition in the Supreme Court, making it appear that Appellant claimed participation in that proceeding. The petition was *ex parte* by Humphrey and without notice or necessity of other parties appearing. The petition was denied. All that Appellant stated [Tr. p. 32] was that after denial of the motion in Mariposa, Humphrey requested a writ in the Supreme Court and upon denial, the proceeding under Chapter X was filed.

Further attack as made on the petition for allowance on appearance before the Superior Court at Mariposa, on motion to dismiss action No. 1646, the action under which the Trustees were appointed. Appellant was no volunteer. The motion was in the Court to which the Trustees were responsible and whom he was counsel for. No advice was given Appellant that the Chapter X trustee would defend the motion or that he had been served with it. True, the trial court found as a result of the services of Braucht the action *was not* dismissed. However, the unrefuted testimony of Appellant is that at the hearing he was not aware of any Mr. Braucht being present [Tr. p. 38].

Objection is further made (Appellee's Brief p. 23) to allowance of compensation for office and out of court services. There is no purpose in repeating the undisputed evidence thereof given by Appellant and Trustee Buxton. However, the record shows [Rosin App. pp. 45 and 46] that Mr. Thatcher had been allowed \$4,250 for services from August 29, 1939 to October 17, 1940, during which period associate counsel for trustee Bartlett, was allowed \$750, and co-counsel James T. Boyd \$1100.00, making a total allowance of \$6,100 for trustee's counsel for approximately one year, during which time there was no litigation, and where substantially all the stenographic work was done through the trustee's office [Findings XII to XVI—Rosin App. pp. 45 and 46]. It may also be observed that the said counsel who were allowed these fees had let more than a year elapse without undertaking the litigation which has sporadically thereafter been undertaken from time to time, dragging the proceedings out for a ten-year period.

Except for the claimed "inaccuracies" of Appellant, which are unfounded, the services claimed to have been rendered by Appellant are not denied. Nor can they be.

As argument why the amount prayed for by Appellant is excessive, Appellee points to the fact that the Trustees during the period of the trusteeship received but \$5800, which we presume is intended as a reason why Appellant should not be allowed an amount in excess thereof. Though there may be some relationship in fees between a trustee and his attorney, the test is the comparative value of the services rendered as is noted in 53 Corpus Juris 380 (Note 58a). A fee allowed for legal work is gross rather than net and is fixed with some regard for the amount of clerical work done by or for counsel. *Conover v. West Jersey Mrt.*, 96 N. J. Eq. 441, 126 Atl. 855—Where counsel did more work than receiver his compensation may exceed that of the Receiver (citation from same case).

In this matter the time and effort devoted by appellant far exceeds that of all the trustees. Buxton and Trask conferred from time to time regarding the business affairs. Udell kept informed on and directed mining operations. To all the trustees, they were extra-professional duties; to appellant it was a professional duty, rendering service in the course of his employment, maintaining an office and carrying out the instructions of the trustees [Rosin App. p. 18]. As cited in the opening brief (*Vedeer v. Public Service*) the Court in that instance allowed \$6,000 to the receiver and \$22,500 to his attorney. Appellee also cites authority to the effect that in a certain instance the Court reduced on appeal the allowance made by the trial court. There is no question but what the Appellate Court may do so. It may also increase the allowance as made. (*In re New York Investors* (79 F. 2d 182).)

POINT III.

Regarding Compensation Covering Period Under Chapter X Proceedings.

Appellee's brief under point 3, pages 23 and 24, states that the only services for which Appellant claims compensation are—appearing in opposition to Chapter X proceedings, and in connection with filing reports of State Trustees, making appellant's connection therewith appear rather trivial. Answer to petition was filed in both actions. More than mere appearance in Court is necessary on matters of such import. Preparation of pleadings of this nature require time and care [Tr. p. 51]. Preparation for an appearance of this nature is a matter of days. The other services Appellee refers to is in connection with filing a report. This is referred in Rosin Appendix pages 19-20. Appellee states that as Chapter X trustee's auditors had prepared an accounting in Chapter X proceedings, the Final Account of State Trustee was unnecessary. In this we cannot agree with Appellee. The State Trustees were entitled to file their final accounting and obtain a discharge. The Court denied them this right, the Trustees in good faith should render their account to the Court, independent of auditors acting on behalf of a superseded proceeding.

Appellee has no doubt inadvertently overlooked [Rosin App. p. 20; Tr. p. 51] the appearance in Court (500 miles from his office in Los Angeles) to resist motion to remove Appellant as attorney for State Trustees, and that in 1940 he appeared with reference to a proceeding in connection with the account of Humphrey involving his operations during the period when he controlled the funds of the corporations [Rosin App. p. 20].

The findings here specifically are to the effect that the Appellant did not represent the trustees. In view of the law, and the evidence as pointed out in the opening brief and also in this brief, such a finding is directly contrary to the evidence. The motion of Mr. Thatcher made the early part of the Chapter X proceedings, for removal of Appellant as attorney of record, was not granted, and Appellant appeared before the Court on a number of occasions thereafter, and Mr. Udell and Mr. Buxton were both in Court when Appellant appeared therein, and no contention made by either of them or the Court that Appellant was not properly in Court. The evidence is neither disputed nor discredited. The finding is a complete negation thereof.

POINT IV.

The Findings Are Not Supported by the Evidence.

Appellant will not burden this Court by repetition of his argument in the opening brief, only to reply briefly to Appellee's Point IV. Appellee uses the terms "enormous claim," "exaggerated claim." We will not engage in a discussion of adjectives. No evidence has been presented refuting Appellant's proof; in view of this evidence, we submit the claim is reasonable, in view of allowances made to others in this proceeding, on the basis of services performed, it is exceptionally modest.

Appellee bases comparative value of services on the time the proceedings were pending. By reason of the years elapsing between lethargies in the Chapter X proceeding as apparent from the record, for spreading it out to ten years. Appellees justify the allowance of fees there compared to no allowance to Appellant. The argument that \$200,000 claims (mostly disputed, and not incurred by State Trustees) were settled for \$113,000 is answered under Point II.

POINT V.

The Discretion of a Trial Court in Awarding Attorney Fees Is Subject to More Extensive Review When the Services Were Not Performed Before the Judge Making the Award and the Appellate Court Is in as Favorable Position to Determine the Extent of the Services as the Trial Court.

Appellee cites authority to the effect that ordinarily an Appellate Court will not disturb the reasonable use of discretion by the trial court. That is true where men could reasonably differ in opinion. Here the order when compared to similar services and awards made thereon to other attorneys in the proceeding is entirely out of proportion, and the Appellant has at no time previously appeared before the trial judge in behalf of the trustees and the trial judge has no personal knowledge of the services rendered. The Appellate Court is in as good position as the Trial Court to determine what a reasonable fee should be.

Mortimer v. Pacific States, 145 P. 2d 733 at 737.

However it is held that the matter is discretionary only in the sense that there are no fixed rules for determining the proper amount and not in the sense that the Court is at liberty to award more than fair and reasonable compensation (53 C. J. 378), nor less than such compensation for the same reason—(continuing at p. 739). The rule heretofore adverted to that fixing the compensation of receivers and their counsel is ordinarily for the Trial Court and will not be interfered with on appeal unless there is an abuse of discretion is based upon the consideration that usually the Court has better means of knowing what compensation is just and reasonable than the Appellate Court. But this consideration is of no force in this

case because Appellant's testimony which is not contradicted in any respect has presented such a clear picture of all that transpired in the lower Court concerning which he rendered service during his employment that we are able to judge the matter as well as the Trial Court. * * * For the foregoing reasons we see no useful purpose to be accomplished in sending the case back for a new trial for the purpose of an additional allowance for the year 1941. We are able to fix additional compensation for the year 1941.

POINT VI.

Appellee Has Failed to Controvert the Issues Raised by Appellant.

Appellee has devoted substantially all of his brief in quibbling over whether Appellant exaggerated the value of his services, but he has failed to answer the pertinent issues raised by Appellant in his opening brief, such as—

(1) That contrary to the finding of the Court, the services rendered by Appellant were of substantial and demonstrable benefit.

(2) That contrary to the finding of the Court, Appellant has rendered services of substantial and demonstrable benefit in Court proceedings after October 3, 1938, in addition to office and routine services, until the filing of Chapter X proceedings, the following include:

Defending motion to discharge trustees — March, 1939 [Rosin App., p. 11].

Defending motion to vacate appointment of trustees — June, 1939 [Tr. pp. 27 and 28]. This is not the same motion as shown on Mr. Kempley's record of time [Sec. App., p. 4].

Appearance in Superior Court, San Francisco, in opposition to Reimer and Edwards claims—June, 1939 [Tr. pp. 34 to 37].

Preparation on, and appearance on Order to Show Cause against Humphrey, who was negotiating with creditors to buy their claims so that he might use same to levy against the corporations, and who was collusively having process served on his *de facto* officers without notifying the trustees—May and June, 1939 [Tr. pp. 13 and 14].

Preparation of Answer to Gustaveson suit—January to March, 1939 [Tr. pp. 15 to 18].

Defending Motion to dismiss action under which Trustees were acting (#1646)—June, 1947 [Tr. p. 37].

Settlement of Undisputed Claims after conference at La Jolla with trustees at a saving of approximately \$2,000.00—December, 1938 [Tr. pp. 24 to 26].

As will be noted, services on these matters were all after October 3, 1938, the last date the Court found any services of benefit to the estate, were rendered.

(3) Appellee has failed to show that services rendered by Appellant were not necessary in the conduct of the receivership. In Findings XXII to XXV, inclusive, the Court, in limiting the period of time services were rendered confines it to September 2 to October 3, 1938, and to one proceeding, to-wit: the Order to Show Cause Against Humphrey. However, even during this period of time—one month—the record is clear that Appellant worked

Saturday and Sunday with the bookkeeper at the mine in preparing a current account of the Trustees and that the same was filed and approved [Tr. p. 51]. This apparently is one of the services which the Court found of no benefit to the estate.

(4) Appellee has failed to show that the Court was not in error in using the language of Section 243 of the Bankruptcy Act as a basis for disallowing compensation, or that Section 258 is not the proper section applicable to Appellant's petition, or that necessity of the services is not the proper guide in case of attorney for a receiver, rather than the "demonstrable benefit."

(5) Appellee has failed to reply to the issue that the Court, in denying compensation to Appellant has not used the same standard for allowances as applied to other petitioners in the particulars as pointed out in the opening brief.

(6) That Appellee has failed to show that the Findings in the particulars set out in Appellant's opening brief are not contrary to the evidence, an evasion of finding on the issues, speculative in their meaning, and not findings at all, and that a reading of them indicates an effort to avoid finding on undisputed facts favorable to Appellant.

(7) The point that the Court erred in finding that Appellant was not the attorney for the trustees during the Chapter X proceedings when the Appellant appeared before the Court on numerous occasions, has not been met by Appellees. Quibbling by Appellee as to which trustee signed the petition and other such devious arguments, do not answer the fact that the Court did not grant Mr. Thatcher's motion to remove Appellant as such counsel and that the Court thereafter, as well as before, entertained Appellant as trustees' attorney, and that not only

Trustee Buxton, but Trustee Udell was present in Court when Appellant took part in proceedings as attorney for the State Trustees, as pointed out in the opening brief.

Conclusion.

Appellant has refrained from reiterating or repeating matters and issues presented in the opening brief, except to call attention to the fact that Appellee has failed to meet them. Notwithstanding the strenuous opposition of Appellee, to the extent of making unfounded attacks on Appellant's recitals in his brief and making unwarranted conclusions from the evidence, he has not overcome the points raised. None of Appellant's evidence has been controverted. The sole argument is that he overrates its value in terms of compensation. A reference to the petition (stipulated to, to have the effect of evidence) and the transcript of testimony supporting it, speaks for itself.

It is difficult to justify an interim allowance of \$500.00 to Appellant as sufficient compensation, in comparison to fees of more than \$6,000.00 to trustees attorneys in this matter covering a period of approximately a year, referred to in this brief, during which period of time no court proceedings were prosecuted or defended, and where the attorneys were under no secretarial expense; or in comparison to allowance of \$4,000 as fees for the handling of one creditor's claim which was finally compromised (allowance to Griswold and Vargas), or the duplication of allowances to various counsel in substantial sums, for which services trustee's counsel was also compensated (see Findings on Kempley's petition, and Boyd's petition); or allowance to trustee's attorney Boyd, who served from 1940 [Finding LXXVII] to 1946 [Finding LXXX] in the sum of \$24,375.00. This allowance, notwithstanding

that other counsel were also allowed compensation for services enumerated in Findings on Boyd, and that the Court in its Findings [Finding LXXXIV to LXXXVII] criticized counsel for making no effort for a period of five years to review an Order of the Referee on the Ilseng claim, and who failed to bring to the attention of the Court facts he had learned of, bearing adversely on the merits of the claim [Finding LXXXIV], and who took no opposition to the claim, although its validity was in litigation and matters bearing on its validity was brought to the attention of counsel [Finding LXXXV]. No doubt, compensation would have been allowed substantially above \$24,375.00 if said counsel had given proper attention to his duties.

Nor does Appellee comment on the comparison of the Order of Disallowance to Appellant and the allowance on a claim of Hubbard and Hogan, Humphrey's attorneys, in a sum in excess of \$15,000.00, for appearances in the Mariposa Superior Court where they did not represent an arm of the Court and where they not only brought no "substantial or demonstrable benefit" but in collaboration with Humphrey, did all in their power to jeopardize the interests of the corporations.

It is unnecessary to make further comparisons on the standard used by the Court in the treatment of Appellant's petitions and that of other counsel. The Record speaks for itself. A year of Appellant's time and office facilities, to the extent of being required to use the services of another attorney to relieve him of other duties, has been devoted to the trusteeship, and a sum not even sufficient to compensate for secretarial services (\$500.00) is found to be adequate compensation. If that be a fair, just or unbiased consideration of Appellant's petition, par-

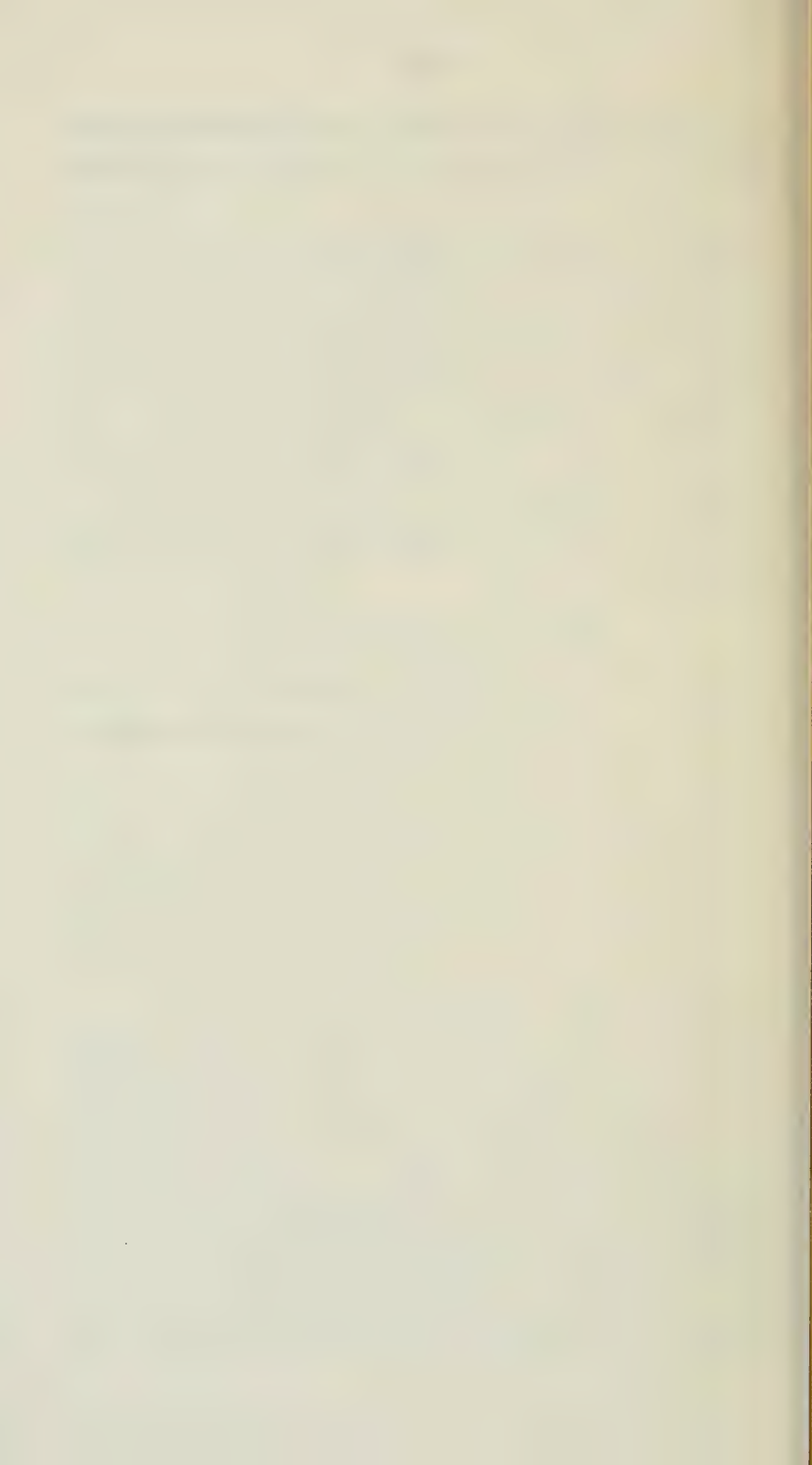
ticularly when considered with the orders made to other counsel, then Appellant must admit his loss of all sense of proportion.

Appellant respectfully submits that the order made be set aside and that this Court make a new order based on a fair and reasonable evaluation of his services rendered, as shown by the evidence, which Appellant believes to be in the amount prayed for. This being a matter where the services rendered were not before the Judge, whose order is here for review, this Court is as well informed as the Court below of the nature of such services. A referral back to the Trial Court would serve no effective purpose in this instance.

Respectfully submitted,

CHAS. I. ROSIN,

Appellant in Propria Personam.



No. 12331.

IN THE

United States Court of Appeals

FOR THE NINTH CIRCUIT

CHARLES I. ROSIN,

Appellant,

vs.

J. P. HART, Trustee in Bankruptcy of the ESTATE OF INTERNATIONAL MINING & MILLING Co., debtor, and SECURITIES AND EXCHANGE COMMISSION,

Appellees.

PETITION FOR REHEARING.

CHARLES I. ROSIN,

408 South Spring Street, Los Angeles 13,

Appellant in Propria Personam.

FILED

JUN 20 1950

PAUL P. O'BRIEN,

CLERK

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J. P. HART, Trustee in Bankruptcy of the ESTATE OF INTERNATIONAL MINING & MILLING Co., debtor, and SECURITIES AND EXCHANGE COMMISSION,

Appellees.

PETITION FOR REHEARING.

Appellant respectfully petitions the Court that a rehearing be granted in the above entitled matter. If Appellant has not presented the evidence on this appeal with sufficient clarity, it is perhaps due to some extent to the fact that he inadvisedly had himself for a client, and due to his personal feeling in the matter, has not presented it with the objectivity of one acting in the professional capacity of an advocate for his client. With due respect for the views of this Court, as set out in the opinion, may we respectfully present the following facts:

Without again raising the issue of the services performed prior to September 2, 1938, or the services rendered after the matter went into Chapter X proceedings, the record shows:

(1) That the Findings of Fact clearly indicate that the interim allowance was for services from September 2nd

to October 3rd, 1938, and that the compensation so allowed was for said services. [Findings XXV and XXVI.]

(2) This Honorable Court, in its opinion, questions whether Appellant represented the Trustees after the resignation of Mr. Trask in February, 1939. By this we presume that this Court does not question the representation of the Trustees until that date. In addition to other services performed by Appellant from October 3rd to the time of resignation of Mr. Trask, as shown by the record, is the resistance of Motion to Discharge Trustees (January 14, 1939, which was denied on February 6, 1939). In view of the Court's opinion, these services from October, 1938, the end of the period for which the trial Court found Appellant's services worthy of compensation, to February, 1939, is not compensated for.

(3) With reference to that part of the opinion of the Court questioning the representation by Appellant after the resignation of Mr. Trask, we respectfully direct attention to the fact that neither the record nor the Findings questions such representation, only the matter of direct benefit to the estate, which Finding we respectfully submit is not supported by the record. After Mr. Trask resigned, Mr. Buxton and Mr. Udell continued to act until the matter went into Chapter X proceedings, and no question was ever raised by either as to the representation by Appellant. Both Mr. Buxton and Mr. Udell at all times regarded Appellant as their attorney during all proceedings in the State Court, and not until some time later, when the matter of Appellant's representation came up in the United States District Court, was any question raised by anyone, and then only regarding the representation in the United States District Court. As for Mr. Logie, Appellant did not learn of his succession in place of Mr. Trask until

quite a time later. Nor did Mr. Logie ever take part in any activities, conferences or meetings with the other Trustees, except one meeting in June, 1939, immediately before the matter went into Chapter X proceedings. [Rosin Tr. p. 30, line 7, to p. 32, line 9; p. 76, line 19, to p. 77, line 4 (Buxton testimony).] The record is clear and unequivocal that so far as the State Court proceedings are concerned, Appellant's representation was never questioned by anyone, that it was with the approval of at least Mr. Buxton and Mr. Udell, and as for Mr. Logie, he never intimated at any time that he was dissatisfied with the representation. To this may be added that the State Court always considered Appellant as the attorney for its Trustees and entertained him as such until the matter went into Chapter X proceedings, and thereafter. As to the numerous services and Court appearances during that period, we will not impose on the Court by repeating the same, for they are set out in the record and in the briefs on file.

Our reason for referring to this portion of the term that petitioner rendered services is that the period of time as set out in the Findings of the trial Court are not in harmony with the period of time as stated by this Court in its opinion, and that for that reason, the same could not have been commented on in appellant's brief.

The evidence, we believe, clearly indicates that until June 30, 1939, appellant represented the trustees and not only Mr. Buxton. The evidence is also unquestioned that on the many appearances made for the trustees, not only was there no intimation by any one of the trustees that appellant did not represent them, but we feel quite certain that if the record in Superior Court action No. 1646 (which is part of the record in this proceeding) shows

the parties present in Court on all occasions up to June 30, 1939, when appellant appeared for the trustees, it will show that Mr. Udell was present and took part in the proceedings in which appellant appeared as trustees' counsel. Mr. Udell's letter to appellant in which he approves the representation of trustees by appellant [Ex. B] indicates his satisfaction of appellant, and the record does not dispute that he so regarded appellant during all of the State Court proceedings.

In view of the undisputed evidence of appellant's representation of the trustees and not only of Mr. Buxton, at all times, and the trial Court in its findings, not holding otherwise, we respectfully submit that at least this phase of the record is worthy further review.

Appellant is aware, as set out in the opinion of this Court, that an Appellate Court hesitates to disturb the orders on allowance of fees as made by the trial Court, yet we respectfully submit that the disparity between the provision of the order of the trial Court to any fair evaluation of the services is so great that it deserves correction. If the practice of law with Appellant were merely an avocation and not a profession and vocation, it may have been sufficient satisfaction to him in feeling that he has succeeded in a job well done (which statement we trust the Court will not consider too immodest for one who writes this as his own counsel), in having successfully resisted on each occasion the attempted attacks on the Trust by forces unfriendly to it, and in having assisted by his counsel and advocacy in the successful operation of the Trust, which has been the only successful period in the affairs of the corporations. The insignificance of the compensation to Appellant, who has prepared and appeared on numerous proceedings 350 miles from his office, taking

several days on each occasion, taking into account the fact that Appellant prevailed in all encounters in court proceedings, and the considerable improvement of the estate during the State Court trusteeship, as well as nearly a year's time and work faithfully devoted to the general affairs of the corporations, we respectfully submit is worthy of reconsideration.

It needs no lengthy argument to call attention to the fact that the \$500.00 compensation to Appellant does not in any manner begin to defray the actual out-of-pocket expenses incurred in the maintenance of office facilities alone for the benefit of the estate business, not to mention the time, effort and services rendered by him personally. Even relating the \$500.00 compensation to Appellant to the allowances to the Trustees of more than \$5,000.00, whose duties in no manner interfered with their other business duties, and which consisted principally of occasional meetings and conferences (excepting the periodic examinations of the mine's progress by Mr. Udell), the compensation of Appellant is remote from any reasonable standard of computation.

We want to take this opportunity in referring to two inadvertencies which we desire to clarify to the Court. One was the matter of citing *Adams v. Woods*, 8 Cal. 306, in supplement memorandum requested by the Court at time of argument. Appellee's counsel is correct that the quotation was from counsel's argument printed with the opinion and not of the opinion. This inadvertence is because of the dating of the case being of the time when counsel's argument was printed with the opinion, which appellant in his haste did not discern. The other matter we owe apology to the Court for, is the hasty reply before verification thereof, when the Court at time of argument

inquired if a certain finding was also a "Do not finding," which appellant answered in the affirmative, being under the impression that all the findings on his petition were "Do not find" findings. We trust the Court will forgive these unintentional though careless inadvertencies.

In concluding this petition, we respectfully call attention to the fact that the record in this matter as presented by appellant is unrefuted, and unless it be regarded that both his verified petition and oral testimony as well as that of his witnesses be unworthy of belief, the order is contrary to any reasonable deduction from the evidence. This is not a case where it may be contended that the services were in any manner duplicated by others who also asked for compensation, or that any one but Appellant ever appeared, claimed to appear, or was recognized as counsel for the trustees.

At least as to the period from September 2, 1938, to June 30, 1939, it is difficult to reconcile doubt with the fact of such representation. True, counsel for the Securities and Exchange Commission as the interrogator at the hearing, did inquire whether specific instructions were received from all of the trustees with regard to various services rendered by Appellant. The Court may have made its findings from the inference of the questions. It could not have been from the evidence.

May it be remembered that counsel for the Securities and Exchange Commission, who was the interrogator at the hearing, and who made the recommendations for final order to the Court, had no personal knowledge of what had transpired years before in the State Court. His questions were either part of a "fishing expedition," or were inspired by others. (All persons who took part in the State Court proceedings, and were still alive, were present

in court.) It would have been a much fairer hearing to have such person or persons familiar with the State Court proceedings and who could refute petitioner, take the witness stand to do so. Rather than risk the witness stand, such person or persons were content to rely on prompting the counsel who interrogated appellant to ask questions which may cast doubt and inference as to the petitioner's cause and let the matter rest at that. In our view, this is not the recognized proper procedure.

We respectfully submit that this matter deserves the further consideration of this Honorable Court.

Respectfully submitted,

CHARLES I. ROSIN,

Attorney for Appellant.

Certificate of Counsel.

I, Charles I. Rosin, counsel for Petitioner in the above entitled action, hereby certify that the foregoing petition for rehearing of this cause is presented in good faith and not for delay, and in my opinion is well founded in law and in fact, and proper to be filed herein.

CHARLES I. ROSIN,

Attorney for Petitioner.

No. 12333

United States
Court of Appeals
For the Ninth Circuit.

ARCADIO CABEBE,

Appellant,

vs.

DEAN ACHESON, Secretary of State of the
United States of America,

Appellee.

Transcript of Record

Appeal from the United States District Court for the
Territory of Hawaii.

OCT 28 1949

PAUL P. O'BRIEN, CLERK

No. 12333

United States
Court of Appeals
For the Ninth Circuit.

ARCADIO CABEBE,

Appellant,

vs.

DEAN ACHESON, Secretary of State of the
United States of America,

Appellee.

Transcript of Record

Appeal from the United States District Court for the
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INDEX

[Clerk's Note: When deemed likely to be of an important nature, errors or doubtful matters appearing in the original certified record are printed literally in *italic*; and, likewise, cancelled matter appearing in the original certified record is printed and cancelled herein accordingly. When possible, an omission from the text is indicated by printing in *italic* the two words between which the omission seems to occur.]

	PAGE
Answer	12
Appeal:	
Bond on.....	21
Designation of Record on.....	23
Motion for Extension of Time for.....	18
Notice of.....	20
Bond on Appeal.....	21
Certificate of Clerk.....	27
Clerk's Statement.....	2
Complaint Under Sec. 503, U. S. Nationality Act, or 8 U.S.C.A. Sec. 903.....	4
Exhibit A—Letter to Miss Ruth Shipley from W. Y. Char, Dated 3/8/49	7
B—Letter to Miss Ruth Shipley from W. Y. Char, Dated 3/29/49	9
C—Speed Letter, Dated 4/5/49...	10
Designation of Record.....	24, 52

	PAGE
Designation of Record on Appeal.....	23
Judgment	17
Memorandum Decision.....	13
Motion for Extension of Time for Appeal....	18
Names and Addresses of Attorneys.....	1
Notice of Appeal.....	20
Order Extending Time.....	20
Return on Service of Writ.....	11
Statement of Points.....	25, 50
Summons	11
Testimony of John J. Kelleher, Naturaliza- tion Examiner.....	39
Transcript of Proceedings.....	29

NAMES AND ADDRESSES OF ATTORNEYS OF RECORD

For the Plaintiff,

ARCADIO CABEBE,
W. Y. CHAR,

219 Bishop National Bank Branch
Building,
Honolulu, T. H.

Y. FUKUSHIMA,

Bishop National Bank Branch Building,
Honolulu, T. H.

SAU UNG CHAN,

88 North King St.,
Honolulu, T. H.

For the Defendant,

DEAN ACHESON,

RAY J. O'BRIEN,

United States Attorney,
District of Hawaii.

HOWARD K. HODDICK,

Assistant United States Attorney,
District of Hawaii.

In the United States District Court for the
District of Hawaii

Civil No. 908.

ARCADIO CABEBE,

Plaintiff,

vs.

DEAN ACHESON, Secretary of State of the
United States of America,

Defendant.

CLERK'S STATEMENT

Time of Commencing Suit:

April 9, 1949, Complaint filed.

Names of Original Parties:

Arcadio Cabebe, Plaintiff.

Dean Acheson, Secretary of State of the United
States of America, Defendant.

Dates of Filing Pleadings:

June 1, 1949, Answer.

June 23, 1949, Memorandum Decision.

June 23, 1949, Judgment.

Times When Proceedings Were Had:

June 22, 1949, Hearing.

Proceedings in the above-entitled matter were had
before the Honorable J. Frank McLaughlin, Judge,
United States District Court, District of Hawaii.

July 26, 1949, Motion for Extension of Time for
Appeal and Affidavit of W. Y. Char, Order.

July 28, 1949, Notice of Appeal. [2*]

* Page numbering appearing at bottom of page of original certified
Transcript of Record.

August 5, 1949, Bond on Appeal, Designation of Record on Appeal.

August 8, 1949, Designation of Record, Statement of Points.

CERTIFICATE OF CLERK
TO THE ABOVE STATEMENT

United States of America,
Territory of Hawaii.—ss.

I, Wm. F. Thompson, Jr., Clerk of the United States District Court for the District of Hawaii, do hereby certify the foregoing to be a full, true and correct statement showing the time of commencement of the above entitled cause, the names of the original parties, the dates when the respective pleadings were filed, the times when proceedings were had, the name of the judge presiding, and the dates when appeal pleadings were filed in the above-entitled cause.

In Witness Whereof, I have hereunto set my hand and affixed the seal of said District Court this 15th day of August, A.D. 1949.

[Seal] /s/ WM. F. THOMPSON, JR.,
Clerk, United States District Court, District of
Hawaii.

[Title of District Court and Cause.]

COMPLAINT UNDER SEC. 503 U. S. NATIONAL-
ALITY ACT OR 8 USCA SEC. 903

I.

This action arises under Sec. 503 U. S. Nationality Act or 8 USCA Sec. 903, as hereinafter more fully appears.

II.

At all times hereinafter mentioned the plaintiff was, and still is, a national of the United States of America. He was born in Narvacan, Ilocos Sur, Philippine Islands, on November 7, 1909. He first came to Honolulu, T. H., in 1929, and since then up to the present time he has been, and still is, a permanent resident of the Territory of Hawaii, and claims said Territory of Hawaii as his permanent residence.

III.

The defendant is the Secretary of State of the Government of the United States. As such, he is the head of said Department. Ruth B. Shiply is the assistant to the defendant, and as such she is the Chief of the Passport Division of the U. S. Department of State and whose duty is to issue U. S. passports to United States nationals who are desirous to work on the Island of Guam. [5]

IV.

In May, 1946, plaintiff applied for employment with the U. S. Engineers at Honolulu for employment as a truck driver on the Island of Guam, a

territory of the United States. He was employed as such and upon his completion of his contract he returned to Honolulu on August 11, 1947.

For some time last past he has been employed as a pantryman in the Officers Club at Camp Catlin in said Honolulu.

V.

Plaintiff intends and desires to return to Guam for employment in the near future. Pursuant to said intent, on February 26, 1949, plaintiff applied for a U. S. Passport as a national of the United States with Eleanor Prendergast, a subordinate of the defendant, Dean Acheson. She told plaintiff that she would refer his application for a U. S. Passport to defendant, Dean Acheson, as she claimed that plaintiff was an alien by virtue of the Philippine Independence Act of July 4, 1946.

VI.

On March 8, 1949, plaintiff, through his counsel, wrote a letter, a copy of which marked "Exhibit A" is hereto attached and made part hereof, to said Ruth B. Shipley, applying for the issuance of a U. S. passport to Guam. In said letter, plaintiff enclosed two applications for a U. S. Passport in the usual form to said Ruth B. Shipley. On March 29, 1949, plaintiff again, through his counsel, sent another letter, a copy of which marked "Exhibit B," hereto attached and made a part hereof, to said Ruth B. Shipley, requesting an answer to his application for U. S. Passport; and on April 8,

1949, plaintiff received a speedletter, a copy of which marked "Exhibit C," hereto attached and made part hereof, replying to plaintiff's letters that [6] plaintiff was not entitled to a U. S. passport.

VII.

Heretofore, plaintiff was informed by the U. S. Army at Honolulu that he could not enter the Island of Guam without a U. S. Passport and further that they could not employ plaintiff in the Government service without proof that he was a U. S. national or citizen.

VIII.

Plaintiff claims that he is a national of the United States and that the Philippine Independence Act of July 4, 1946, does not divest his U. S. nationality because at the time of the passage of said Act, he was a permanent resident of the Territory of Hawaii and for the further reason that he had not, by any affirmative act, lost his nationality by expatriation. That the refusal on the part of defendant to issue plaintiff a U. S. Passport as a United States national, by reason of the Philippine Independence Act of July 4, 1946, allegedly divesting Filipinos, residing in Hawaii of their United States nationality, is contrary to the 1st Amendment, 5th Amendment, 8th Amendment, and Section 8 of Article 1 of the Constitution of the United States.

IX.

By reason of the failure of said Ruth B. Ship-

ley, a subordinate of defendant, Dean Acheson, to promptly issue a U. S. Passport to the plaintiff so that he could comply with U. S. Army regulations requiring proof of U. S. nationality or citizenship, or so that he could enter Guam, plaintiff is denied the right and/or privilege of a U. S. national, as provided in 8 USCA Sec. 903.

Wherefore, plaintiff prays for a judgment and decree, adjudging that he is a national of the United States, and as such entitled to the rights and/or privileges of a national [7] of the United States, including a U. S. Passport in order to seek employment with the U. S. Army on the Island of Guam, or in order to enter Guam.

Dated: Honolulu, T. H., April 8, 1949.

/s/ ARCADIO CABEBE. [8]

“EXHIBIT A”

Wai Yuen Char

Attorney-at-Law

219 Bishop First Nat'l Bank Br. Bldg.

March 8, 1949

Miss Ruth Shipley

Passport Division

Department of State

Washington, D. C.

In Re: Application of Arcadio Cabebe for
U. S. Passport

Dear Miss Shipley:

I am instructed by my client, Mr. Arcadio, to write to you as follows:

My client is a Filipino by birth, born November 7, 1909, at Narvocon, Philippine Islands; he arrived at Honolulu in 1929; he has established his permanent domicile in Honolulu up to the present time; he is desirous of making a trip to the Island of Guam for the purpose of seeking employment.

Upon application for U. S. passport as a U. S. national, it has been the ruling with Miss Eleanor Prendergast, the local representative of State Department, secretary to the Territorial Governor's office, that since the Independence Act of July 4, 1946, all Filipinos in the Territory are considered as aliens and therefore, she has been denying U. S. passports to local Filipino applicants.

It is my contentions: (1) that the Philippine Independence Act does not divest U. S. nationality of Filipinos who have made their permanent residence in the Territory of Hawaii; (2) that the methods of expatriation of a U. S. national or citizens are described in the Nationality Code under "loss of nationality"; (3) that my client has not taken any affirmative act to cause the loss of his U. S. nationality; (4) that if the Independence Act does divest the local Filipinos of U. S. nationality, it would run counter to his vested right under the due process of law under the Fifth Amendment; (5) that if said act divests the Filipinos of U. S. nationality, it is unconstitutional on the ground that Congress cannot pass any ex post facto law contrary to Article 1, section 9, under the United States Constitution.

From the foregoing reasons, I would like to have a prompt answer to the enclosed application of passport for the reason that he has been out of employment for some time and he is in desperate need of work and money to support himself.

Hoping you will favor me with an immediate reply, I remain,

Very truly yours,

W. Y. CHAR. [9]

“EXHIBIT B”

Wai Yuen Char

Attorney-at-Law

219 Bishop First Nat'l Bank Br. Bldg.

March 29, 1949

Miss Ruth Shipley
Passport Division
Department of State
Washington, D. C.

Re: Application of Arcadio Cabebe for U. S.
Passport.

Dear Miss Shipley:

On March 8, 1949, I wrote you regarding the above-captioned matter, and to this date I have not received a letter acknowledging receipt of same.

Inasmuch as my client is in urgent need of employment and cannot obtain same in Honolulu, he is in desperate need of a U. S. passport to go to Guam as a U. S. national. Should I fail to hear from you by April 11, 1949, I'll take it that you do not wish to grant my client a U. S. passport. I

shall then file suit in the U. S. court to have his status determined under Sec. 903 of 8 U.S.C.A.

Very truly yours,
W. Y. CHAR. [10]

“EXHIBIT C”

Passport Division
Speedletter

In reply refer to
M 130 Cabebe, Arcadio

Date: April 5, 1949

Wai Yuen Char
206 Bishop National Bank Branch Bldg.
Smith and King Sts.,
Honolulu, T. H.

It is regretted that under the Department's interpretation of the Act of July 4, 1946, Mr. Arcadio Cabebe is not a citizen of the United States.

If he wishes to have a passport he should consult a Philippine Consular Officer.

R. B. SHIPLEY,
Chief, Passport Division.

DSL-338
7-9-47

[Endorsed]: Filed April 9, 1949. [11]

[Title of District Court and Cause.]

SUMMONS

To the Above-Named Defendant:

You are hereby summoned and required to serve upon W. Y. Char, plaintiff's attorney, whose address is 219 Bishop National Bank Branch Building, Honolulu, T. H., an answer to the complaint which is herewith served upon you, within 60 days after service of this summons upon you, exclusive of the day of service. If you fail to do so, judgment by default will be taken against you for the relief demanded in the complaint.

[Seal] /s/ WM. F. THOMPSON, JR.,
Clerk of Court.

Dated: April 9th, 1949. [12]

[Title of District Court and Cause.]

RETURN ON SERVICE OF WRIT

United States of America,
District of—ss.

I hereby certify and return that I served the annexed Summons on the therein-named Dean Acheson by mailing to him a certified copy of the Summons and Complaint attached thereto by registered mail, return receipt requested and by handing to and leaving with Ray J. O'Brien, United States Attorney, District of Hawaii, a certified copy of the Summons and Complaint attached thereto, per-

sonally at Honolulu, T. H., in said District on the 11th day of April, A.D. 1949.

OTTO F. HEINE,

U. S. Marshal.

By /s/ GEORGE E. BRUNO,

Deputy.

(Return Receipt attached.) [13]

[Title of District Court and Cause.]

ANSWER

Comes now Dean Acheson, Secretary of State of the United States of America, defendant above named, by his attorney, Ray J. O'Brien, United States Attorney for the District of Hawaii, and denies each and every allegation of the complaint.

Dated: Honolulu, T. H., this 1st day of June, 1949.

DEAN ACHESON,

Secretary of State of the

United States of America.

Defendant.

RAY J. O'BRIEN,

United States Attorney,

District of Hawaii.

Attorney for Defendant.

By /s/ KENNETH E. YOUNG,

Assistant United States

Attorney, District of

Hawaii.

[Endorsed]: Filed June 1, 1949. [14]

In the United States District Court for the
District of Hawaii

Civil No. 908

ARCADIO CABEBE,

Plaintiff,

vs.

DEAN ACHESON, Secretary of State of the United
States of America,

Defendant.

J. Frank McLaughlin, Judge.

Y. Fukushima, Bishop National Bank Br. Bldg.,
Honolulu, T. H.; Sau Ung Chan, 88 North King
St., Honolulu, T. H.; W. Y. Char, 219 Bishop Na-
tional Bank Br. Bldg., Honolulu, T. H., Attorneys
for Petitioner.

Ray J. O'Brien, United States Attorney, District
of Hawaii; Kenneth E. Young, Assistant United
States Attorney, District of Hawaii; Howard K.
Hoddick, Assistant United States Attorney, District
of Hawaii, Attorneys for Defendant. [15]

[Title of District Court and Cause.]

MEMORANDUM DECISION

By this suit brought under 8 U.S.C. §903 for a
declaratory judgment, the petitioner seeks to have
the court declare him to be today a "national of the
United States" and thus enable him to procure a

passport to go to Guam, which the State Department has denied him on the ground he is not a United States citizen, though such was not the basis of his application.

During the course of argument it developed that petitioner also had pending in this court a petition for naturalization in which he alleged under oath that he was a citizen of the Republic of the Philippines. To remove the inconsistency and because it appeared that his naturalization petition would not be successful in the face of a moral turpitude charge, the petitioner during an interruption in this case withdrew his naturalization petition. [16]

The facts are not disputed. Reduced to their essence they are sufficiently reflected in this statement of the issue: Is not one who became by birth in 1910 in the Philippine Islands a national of the United States and who has at all times since 1930 resided permanently in Hawaii, still a national of the United States despite the fact that the Republic of the Philippines came into existence as an independent nation in 1946?

Petitioner's argument, based to a degree upon emotion and hardship, is:

1. Congress had no power to cause Filipino nationals of the United States residing in the United States to lose their status as such. Granting independence to the Philippine Islands and changing the status of Filipinos in the Philippine Islands may have been all right and within the power of Congress, but Congress had no power to

alter the status of Filipino nationals permanently resident in the United States against their wishes.

2. Petitioner's status as a national was and is a vested right which it was beyond the power of Congress to take from him by reducing him to the lowly status of an alien. Here reliance is had upon the First, Fifth, and Eighth Amendments and to §8 of Art. 1 of the Constitution by language which sounds in terms of lost freedom of speech (Petitioner argues he can no longer say, "I am an American.") and cruel and abusive punishment.

The contentions are ingenious and emotional but as indicated in the oral decision wholly without legal merit. [17]

Petitioner to be sure was a national of the United States. But whether he likes what his people asked to be allowed to do and did with the approval of the United States or not, he has not been able since the coming into being of the new nation, the Republic of the Philippines, to qualify under our laws as a national of the United States. Upon the date when the Republic of the Philippines became a free and independent nation the foundation for petitioner's claim to being a national of the United States vanished. On that date, too, by Article IV of the constitution of the new republic petitioner became a citizen thereof and to it owed allegiance. Prior thereto he had been a national of the United States only because the place where he was born belonged to the United States as a possession. When that fact no longer obtained—

whether he liked it or not—petitioner could no longer qualify under the conditions of §501 (b) of Title 8, which provides that

The term “national of the United States” means (1) a citizen of the United States, or (2) a person who, though not a citizen of the United States, owes permanent allegiance to the United States. It does not include an alien.

Section 604 avails not the petitioner for that pertains to how one becomes a national. Section 501 controls as to whether or not at any given time one still is a national. No longer does petitioner owe allegiance to the United States, and he is now an alien.

I entertain not the slightest doubt that petitioner is now and has been since July 4, 1946, an alien and that his prior status as a national gave him no vested right. His status as such was beyond his control in so [18] far as it was susceptible of being altered—as it was—by the actions of the Government of the United States and of the Republic of the Philippines.

The prayer is denied and the petition dismissed.
Dated at Honolulu, T. H., June 23, 1949.

/s/ J. FRANK McLAUGHLIN,
Judge.

[Endorsed]: Filed June 23, 1949. [19]

In the United States District Court for the
District of Hawaii

Civil No. 908

ARCADIO CABEBE,

Plaintiff,

vs.

DEAN ACHESON, Secretary of State of the
United States of America,

Defendant.

JUDGMENT

This matter, having come on duly to be heard on the 22nd day of June, 1949, the substantive and material facts having been stipulated to by counsel for the plaintiff and counsel for the defendant; and counsel for the plaintiff and counsel for the defendant having presented arguments;

It Is Hereby Ordered and Adjudged that the prayers contained in the complaint filed herein be and are hereby denied and that the complaint filed herein be and is hereby dismissed.

/s/ J. FRANK McLAUGHLIN,
Judge, United States District Court for the District
of Hawaii.

[Endorsed]: Filed June 23, 1949. [21]

[Title of District Court and Cause.]

MOTION FOR EXTENSION OF TIME
FOR APPEAL

Comes now Arcadio Cabebe, by his attorneys, W. Y. Char and Yasutaka Fukushima, and moves this Honorable Court to extend the time for appeal in the above-entitled matter to August 22, 1949, under Rule 73 (a) of the Federal Rules of Civil Procedure.

This Motion is based upon the Affidavit of W. Y. Char and the records herein.

Dated at Honolulu, T. H., this 26th day of July, A.D. 1949.

ARCADIO CABEBE,
Plaintiff.

By W. Y. CHAR &
YASUTAKA FUKUSHIMA.

By /s/ W. Y. CHAR,
His Attorneys.

[Endorsed]: Filed July 26, 1949. [23]

[Title of District Court and Cause.]

AFFIDAVIT OF W. Y. CHAR

Territory of Hawaii,
City and County of Honolulu—ss.

W. Y. Char, being first duly sworn, on oath, deposes and says:

That my name is W. Y. Char and that I am an

attorney at law licensed to practice law before this Honorable Court and all the courts of the Territory of Hawaii;

That I am one of the attorneys for the Plaintiff in the above-entitled cause;

That upon a hearing held on June 22, 1949, in the above-entitled matter before the Honorable J. Frank McLaughlin, an oral decision was entered on the same day to which an exception was duly noted and a notice of appeal given.

Thereafter, I waited for the entry of a Memorandum Decision and Judgment and not having heard and not being served with any notice of such entry under Rule 77 of the Federal Rules of Civil Procedure, I telephoned the secretary of the Honorable J. Frank McLaughlin on the afternoon of July 25, 1949, [24] and discovered for the first time that the Memorandum Decision and Judgment was entered on June 23, 1949, and the time for taking an appeal had already passed. I was of the impression that the service of a notice of entry of Judgment by the clerk of the District Court of the United States under Rule 77 was necessary but upon re-checking said rule I discovered it to be otherwise. The failure to check the judgment docket was inadvertent inasmuch as I relied on the service of a notice of entry of judgment.

I am making this affidavit in support of the Motion to Extend Time for Appeal.

Further affiant sayeth not.

/s/ W. Y. CHAR.

Subscribed and sworn to before me this 26th day of July, 1949.

[Seal /s/ CHARLES L. K. HUTCHISON,
Notary Public, 1st Judicial Circuit, Territory of
Hawaii.

My Commission expires: 1/19/52.

[Endorsed]: Filed July 26, 1949. [25]

[Title of District Court and Cause.]

ORDER

Upon reading the motion for extension of time for appeal and affidavit of W. Y. Char attached to the motion and good reason appearing;

It Is Hereby Ordered that the time for appeal in the above entitled matter is extended to August 22, 1949.

/s/ J. FRANK McLAUGHLIN,
Judge of the above entitled
Court.

[Endorsed]: Filed July 26, 1949. [27]

[Title of District Court and Cause.]

NOTICE OF APPEAL

Notice is hereby given that Arcadio Cabebe, plaintiff above named, hereby appeals to the Circuit Court of Appeals for the Ninth Circuit from the

final judgment entered in this case on the 23rd day of June, 1949.

Dated: Honolulu, T. H., this 28th day of July, 1949.

/s/ W. Y. CHAR,
W. Y. CHAR and
Y. FUKUSHIMA,
Attorneys for Arcadio Cabebe.

[Endorsed]: Filed July 28, 1949. [29]

[Title of District Court and Cause.]

BOND ON APPEAL

Know all men by these presents, that Arcadio Cabebe, as principal, and United States Fidelity and Guaranty Company, a corporation duly licensed to carry on business in the Territory of Hawaii, as surety, are held and firmly bound unto the defendant above named, hereinafter called the "Appellee," in the sum of Two Hundred Fifty Dollars (\$250.00) for the payment of which well and truly to be made, we bind ourselves and our successors and assigns, jointly and severally, and firmly by these presents.

The condition of this obligation is such that:

Whereas the above bounden principal has filed his Notice of Appeal from the United States District Court for the District of Hawaii to the United States Court of Appeals for the Ninth Circuit to reverse the final Judgment of this court made and

entered in the above-entitled cause on the 23rd day of June, 1949.

Now, Therefore, if the said principal shall prosecute his appeal with effect and answer all costs if he fails to sustain said appeal, then this obligation shall be void, otherwise it [31] remains in full force and effect.

Sealed with our seal, and dated this 3rd day of August, 1949.

[Seal] /s/ ARCADIO CABEBE,
UNITED STATES FIDELITY
& GUARANTY COMPANY,
By /s/ HERMAN LUIS,
Its Attorney in Fact.

Territory of Hawaii,
City and County of Honolulu—ss.

On this 3rd day of August, A.D. 1949, before me appeared Arcadio Cabebe, to me personally known, who being by me duly sworn, did say that he is the principal named in the foregoing Bond on Appeal and that he acknowledged said instrument as his free act and deed.

[Seal] /s/ FRANCIS H. NAKAMURA,
Notary Public, 1st Judicial Circuit, Territory of
Hawaii.

My Commission Expires Oct. 1, 1952.

Territory of Hawaii,
City and County of Honolulu—ss.

On this 3rd day of August, 1949, before me personally appeared Herman Luis, to me personally known, who being duly sworn did say that he is the

Attorney-in-Fact of the United States Fidelity and Guaranty Company, duly appointed under Power of Attorney dated the 8th day of April, 1931, which Power of Attorney is now in full force and effect, and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed on behalf of said corporation under the authority of its Board of Directors, and said Herman Luis acknowledged said instrument to be the free act and deed of said corporation.

[Seal] /s/ WILLIAM B. STEVEN,
Notary Public, 1st Judicial Circuit, Territory of
Hawaii.

My Commission Expires May 6, 1952.

The foregoing bond is hereby approved as to form, amount and sufficiency of surety.

/s/ J. FRANK McLAUGHLIN,
U. S. District Judge.

[Endorsed]: Filed Aug. 5, 1949. [32]

[Title of District Court and Cause.]

DESIGNATION OF RECORD ON APPEAL

To the Clerk of the United States District Court
for the District of Hawaii:

Please prepare and certify a transcript of the record in this case to be filed with the Clerk of the United States Court of Appeals for the Ninth Circuit, upon the appeal herein, and include in said transcript the following:

1. Complaint under Section 503 of U. S. Nationality Act.
2. Summons.
3. Answer of Defendant-Appellee.
4. Memorandum Decision.
5. Judgment.
6. Motion for Extension of Time for Appeal.
7. Affidavit of W. Y. Char.
8. Order granting Extension of Time.
9. Notice of Appeal.
10. This Designation of Record on Appeal.

Dated: Honolulu, T. H., this 2nd day of August, 1949.

W. Y. CHAR and
Y. FUKUSHIMA,
By /s/ W. Y. CHAR,
Attorneys for Plaintiff-
Appellant.

[Endorsed]: Filed Aug. 5, 1949. [34]

In the United States Court of Appeals
For the Ninth Circuit
Civil No. 908

ARCADIO CABEBE,

Plaintiff-Appellant,

vs.

DEAN ACHESON, Secretary of State of the
United States of America,
Defendant-Appellee.

DESIGNATION OF RECORD

Comes now Arcadio Cabebe, Plaintiff-Appellant

in the above-entitled cause, and hereby designates the following parts of the record as necessary in the consideration of the points on which he intends to rely on appeal and requests that the following be printed as provided by the rules:

1. Complaint of Plaintiff-Appellant, Summons, and Officer's Return on Service of Writ.
2. Answer of Defendant-Appellee.
3. Transcript.
4. Memorandum of a Decision filed June 23, 1949.
5. Judgment filed June 23, 1949.
6. Motion for Extension of Time for Appeal.
7. Affidavit of W. Y. Char.
8. Order granting Extension of Time.
9. Notice of Appeal.

ARCADIO CABEBE,
Plaintiff-Appellant.

W. Y. CHAR and
Y. FUKUSHIMA,

By /s/ W. Y. CHAR,
Attorneys for Plaintiff-
Appellant.

[Receipt of copy acknowledged.]

[Endorsed]: Filed Aug. 8, 1949. [36]

[Title of Court of Appeals and Cause.]

STATEMENT OF POINTS

Comes now Arcadio Cabebe, Plaintiff-Appellant in the above-entitled cause, and states that he in-

tends to rely on the following points in his appeal to this Honorable Court:

1. The Court erred in holding that the Plaintiff-Appellant lost his United States nationality and became an alien when Congress granted complete independence to the Philippine Islands on July 4, 1946, while he was a permanent resident of the Territory of Hawaii.

2. The Court erred in holding that Plaintiff-Appellant's status as a U. S. national was not a vested right, which was beyond the power of Congress to take away from him, by reducing him to the lowly status of an alien, contrary to the Fifth Amendment of the United States Constitution.

3. The Court erred in holding that Congress has the right to reduce his status from that of a United States national to that of an alien and thereby depriving the Plaintiff-Appellant the right of truthfully stating, "I am an American," contrary to the First Amendment of the United States Constitution.

4. The Court erred in holding that the Philippine Independence Act did reduce Plaintiff-Appellant from his U. S. [38] national status to that of an alien and such holding had no retroactive effect in Plaintiff-Appellant's status to that of an alien, contrary to the Eighth Amendment of the United States Constitution.

5. The Court erred in holding that by reducing his status from that of a U. S. national to that of an alien, it does not have the effect of banishment and exile and thereby inflict cruel and unusual punish-

ment upon him, contrary to Section 8, Article One of the Constitution.

W. Y. CHAR and
Y. FUKUSHIMA,
By /s/ W. Y. CHAR,
Attorney for Plaintiff-
Appellant.

[Receipt of copy acknowledged.]

[Endorsed]: Filed Aug. 8, 1949. [39]

In the United States District Court
for the District of Hawaii
Civil No. 908

ARCADIO CABEBE,

Plaintiff,

vs.

DEAN ACHESON, Secretary of State of the
United States of America,

Defendant.

CERTIFICATE OF CLERK

United States of America,
Territory of Hawaii—ss.

I, Wm. F. Thompson, Jr., Clerk of the United States District Court for the District of Hawaii, do hereby certify that the foregoing record on appeal in the above-entitled cause, consists of the following listed original pleadings of record in said cause:

Complaint under Sec. 503, U. S. Nationality Act or 8 USCA Sec. 903, Exhibit "A," "B," and "C."
Summons.

United States Marshal's Return to Summons and

Return Receipt.

Answer.

Memorandum Decision.

Judgment.

Motion for Extension of Time for Appeal and
Affidavit of W. Y. Char.

Order.

Notice of Appeal.

Bond on Appeal. [40]

Designation of Record on Appeal.

Designation of Record.

Statement of Points.

Transcript of Proceedings.

In Witness Whereof I have hereunto set my hand
and affixed the seal of said District Court, this 15th
day of August, A.D. 1949.

[Seal] /s/ WM. F. THOMPSON, JR.,
Clerk, United States District Court, District of
Hawaii. [41]

In the United States District Court for the
Territory of Hawaii
Civil No. 908

ARCADIO CABEBE,

Plaintiff,

vs.

DEAN ACHESON, Secretary of State of the
United States of America,

Defendant.

TRANSCRIPT OF PROCEEDINGS

In the above-entitled matter, held in the U.S.

District Court, Honolulu, T.H., on June 22, 1949,
at 9:00 o'clock, a.m.

Before: Hon. J. Frank McLaughlin, Judge.

Appearances:

W. Y. Char, Esq.

Y. Fukushima, Esq.

Sau Ung Chan,

appearing for Plaintiff;

Howard K. Hoddick, Esq.,

Assistant U.S. Attorney,

appearing for the Defendant.

The Clerk: Civil No. 908, Arcadio Cabebe,
Plaintiff, versus Dean Acheson, Secretary of State
of the United States of America, for hearing.

The Court: Very well; are the parties ready?

Mr. Char: Ready for the Petitioner, if your
Honor please.

Mr. Hoddick: Ready for the Defendant, your
Honor.

The Court: Very well.

Mr. Char: Mr. Fukushima is associated counsel
in this case.

The Court: Yes, but he is not the only one.

Mr. Char: If your Honor please, I understand
from Mr. Hoddick—I think he would probably
stipulate to the facts in this case.

Mr. Hoddick: May it please the Court, this
matter was called rather suddenly. I understand
or understood it involved an identical question of

law in the case which we have recently considered in the other division of the Court. And what I would like to have Mr. Char do is to give an outline of the facts to the Court. Mr. Kelleher here is familiar with the facts of the case. If there are any serious discrepancies, we can take them up afterwards.

The Court: I haven't seen the file. Just a moment until the file arrives. [2*]

Mr. Hoddick: May I have a moment?

The Court: Yes.

Mr. Char: At this time may I have an amendment?

The Court: Wait until the file comes. I haven't got the petition before me. Apparently the Clerk thought I had the file. (File handed to the Court.)

Mr. Char: The amendment is, that it is contrary to the first amendment, in paragraph VIII.

The Court: Deleting the fifth?

Mr. Char: No, including the fifth but adding just before the fifth the first amendment in there.

The Court: You want paragraph VIII, the last two lines, to read "is contrary to both the first and the fifth amendments?"

Mr. Char: First, fifth, and I have also the eighth, and another one.

The Court: And Section 8 of Article 1 of the Constitution?

Mr. Char: Right.

The Court: Any objection?

* Page numbering appearing at top of page of Reporter's original Transcript of Record.

Mr. Hoddick: No objection, your Honor.

The Court: Very well, the amendment may be allowed. To repeat, paragraph VIII of the petition has been amended so that the last two lines thereof read by inserting the phrase "first amendment" ahead of the phrase "fifth amendment," [3] that it "is contrary to the first amendment, the fifth amendment, the eighth amendment, and Section 8 of Article 1 of the Constitution of the United States."

Now, what does this matter involve, an actual hearing or is there a motion?

Mr. Char: I think it is an actual hearing.

Mr. Hoddick: That is my understanding of it, your Honor.

The Court: All right, Mr. Char, you may proceed.

Mr. Char: I understand that Counsel will stipulate that the Plaintiff was born in Narvacan, Ilocos Sur, Philippine Islands, on November 7, 1949; that he first came to Honolulu, T.H., in 1929; and since then up to the present time he has been, and still is, a permanent resident of the Territory of Hawaii, and claims said Territory of Hawaii as his permanent residence.

The Court: Well, let's take it paragraph by paragraph. Is there any dispute as to the facts alleged in paragraph 2?

Mr. Hoddick: As to paragraph 2, our record reveals that the Petitioner in this case stated he was born on October 10, 1910, in the same place specified in paragraph 2.

The Court: Well, is the date important?

Mr. Hoddick: It is not important. Also, he first came to Honolulu in March, 1930, rather than in 1929.

The Court: Those dates are reflected by the immigration records? [4]

Mr. Hoddick: That is correct.

The Court: Apparently your client is a little confused as to when he was born and when he came here. Do you wish to accept the immigration date?

Mr. Char: Yes, your Honor.

The Court: Well, that would make it—the first date would become what?

Mr. Hoddick: October 10, 1910.

The Court: October 10, 1910?

Mr. Hoddick: October 3 rather than the 10th.

The Court: Excuse me?

Mr. Hoddick: October 3rd rather than the 10th.

The Court: And first came to Honolulu when?

Mr. Hoddick: March, 1930.

The Court: Incidentally, it occurs to me that this confusion may arise from a different method; in some case that was pending here recently the allegation was that somebody came here in such and such a year, Chinese count. You don't expect me to count that, do you? Can't you figure out what year it was?

Mr. Char: I can't myself but I have to consult the book at the immigration station.

The Court: Well, don't go setting forth any facts and pleadings in this Court involving the Court in finding out what year is it going to go on the Chinese

calendar. You [5] figure it out before you file it. But that is parenthetical. We will have that up in a day or two, I guess. All right. The dates are different and changed by agreement, and as to paragraph 2, but they are not significant as to the problem before us. Paragraph 3?

Mr. Hoddick: No exception to the allegations contained therein.

The Court: Agreed as to all?

Mr. Hoddick: Yes, your Honor.

The Court: All right. Paragraph 4?

Mr. Hoddick: Apparently all those allegations are correct.

The Court: Five?

Mr. Hoddick: We will accept counsel's statement that these allegations are correct.

The Court: All right. Six?

Mr. Hoddick: We take the same position as to paragraph six.

The Court: Seven?

Mr. Hoddick: Accept the allegations of the petitioner.

The Court: Eight? Eight, as amended. Are there any facts alleged——

Mr. Hoddick: I think that all states conclusions of law.

The Court: You deny eight, then, which on the facts [6] previously agreed upon raises the question of law?

Mr. Hoddick: Yes, that is correct.

Mr. Char: You will admit that he did not affirmatively, that he did any act to expatriate himself?

He didn't take any action at all, any affirmative action.

Mr. Hoddick: Yes, I will.

The Court: All right.

Mr. Char: As to the other, it is just a question of law.

Mr. Hoddick: Yes. Nine we will also deny.

The Court: All right. I think I gather from this stipulation the essential facts to be as follows: This petition was brought by a man who has been denied a passport requested for the purpose of entering Guam, which passport he applied for on the basis of being, as of the date of his application, a national of the United States. And in this litigation, based on the facts indicating that he is lawfully here and was here a permanent resident of the United States at the time the Philippines acquired its independence, that being here in the United States he was not affected by the independent act by which the Philippines became an independent nation; that regardless of what Congress may have had the power to do with respect to nationals who lived in the Philippines and remained there when it became an independent nation, Congress did not have, he claims, the power to divest nationals of the United States living in the United States of their [7] national status or their status as nationals, rather. Isn't that it?

Mr. Char: That's right. I might point out, if your Honor please, that paragraph 2 says,

"At all times hereinafter mentioned the plain-

tiff was, and still is, a national of the United States of America.”

I think that should be denied. Otherwise it will become a moot question.

The Court: Yes. I will so agree also.

Mr. Hoddick: We have already filed a general denial in this matter as to all allegations.

The Court: In other words, you admit the facts but deny any conclusions of law. All right.

Mr. Char: I might state also at the outset, if your Honor please, that this memorandum that I have now is a part of the memorandum that was filed in the other case, in the Vilorio case, and Judge Metzger has ruled in that case; he ruled, in fact, on both questions, that is, the question involved, but I think the other question is moot. That is the present question before the Court. It wasn't necessary in that case, in the Vilorio case.

The Court: I read that decision this morning, it being the first opportunity I have had to see a copy of the decision. I am inclined to agree with you that the decision does not necessarily involve the question presented by this litigation. [8] although reference is made to it. But the decision is primarily based on another point, namely, that his residence was not interrupted by going to Guam to work for the Government, despite the wording of the statute in that regard which excludes Guam or Midway, whatever it is, from the definition of the United States as that term is used in the Nationality Act. I might also say that I am inclined to agree with Judge Metzger. So that, whereas Judge Metzger in

that Vilorio case has rendered a decision and did make passing reference to the point here involved, it is not necessary to the decision which he reached in that case, and to consider the question of why don't we in this litigation. All right. How does your argument go?

(Mr. Char presented his opening argument.)

(A short recess was taken at 9:55 a.m.)

After Recess

Mr. Char: If your Honor please, I have been instructed to withdraw the petition for naturalization.

The Court: Have you done so?

Mr. Char: I am asking that it be done now.

The Court: Have you anything that you want to say, Mr. Kelleher?

Mr. Kelleher: May it please the Court, on this petition for naturalization the petitioner is present in Court and through his counsel he has moved for the dismissal of the [9] petition. It is recommended that this petition be denied on the petitioner's motion.

The Court: Wait a minute. You ask me to deny it. He asks that it be withdrawn.

Mr. Char: Yes, your Honor.

Mr. Kelleher: Dismissed on the petitioner's motion.

Mr. Char: That is, without prejudice.

Mr. Kelleher: There is no prejudice involved. He can file a new petition at any time. But that would be the statutory ground on which this peti-

tion should be removed from the pending calendar. It should either be denied or granted or continued.

The Court: We have had it withdrawn before, have we?

The Clerk: They came in with an order of denial.

The Court: You want to clear your record of the thing?

Mr. Kelleher: That's correct. We recommend that it be denied on the petitioner's motion.

The Court: All right. Very well, this matter involving naturalization petition No. 9236, coming up for discussion and consideration in the midst of the hearing of argument in Civil 908, the Court alluding to the inconsistent positions taken by the individual involved in both cases, his attorney makes in his behalf a motion to dismiss the pending petition for naturalization filed by him, namely, No. 9236, and I will grant the motion and the record may show that upon the request [10] of the petitioner for naturalization in reference to petition No. 9236 the petition is denied without prejudice.

Mr. Char: I'd like to call Mr. Kelleher just to clarify some points.

The Court: All right.

Mr. Char: Mr. Kelleher, will you take the witness stand.

Mr. Hoddick: Mr. Char, I ask you what you are offering to adduce from Mr. Kelleher?

Mr. Char: On all these petitions for naturaliza-

tion, we will try to get some explanation in that he had been advised, under the service interpretation, that these applicants are aliens, and as aliens or nationals of the Republic of the Commonwealth of the Philippines.

Mr. Hoddick: How is that material to anything before the Court at this time?

Mr. Char: Well, because it will clarify the Court's mind that he did not affirmatively and knowingly put that statement in the application for naturalization that he was a national of the Philippines.

Mr. Hoddick: I don't believe, may it please the Court, that that question is in issue in Civil No. 908 which is presently pending before the Court.

The Court: Well, the Court is charged with the knowledge of its own records, and even though the naturalization petition has now been withdrawn without prejudice, it doesn't [11] know that there was a time when this man did swear under oath in a document on file in this Court that he was an alien, to wit, a citizen of the Republic of the Philippines.

Mr. Hoddick: I would suggest that is a conclusion of law on the part of the petitioner, and the issue of law before the Court is going to be decided on the basis of stipulated facts, so that I don't see that his swearing under oath to that, to the fact that he was an alien in his petition for naturalization comes into the question here in Civil No. 908. In other words, you have a clear state-

ment of facts and a clear issue of law which is presented to the Court.

The Court: Well, the fact is a legal conclusion, to be sure, but it is also a legal fact and what the man held himself out to be under oath may be of significance in relation to this matter. I will hear Mr. Kelleher.

JOHN J. KELLEHER

Naturalization Examiner, being duly sworn, testified as follows:

Direct Examination

By Mr. Char:

Q. What is your name, please?

A. John J. Kelleher.

Q. And what is your occupation?

A. Naturalization Examiner, U. S. Immigration and Naturalization Service.

Q. For how many years? [12]

A. Ten.

Q. Ten years? And what, naturalization exclusively for the past how many years?

A. Three, past three years.

Q. And you are familiar with the preparation of applications for naturalization?

A. I am.

Q. And you also assist great numbers, say, Filipino applicants for naturalization? A. I do.

Q. And that is, you help them fill out the forms, is that right?

A. I help them file their petitions, assist them

(Testimony of John J. Kelleher.)

to file their petitions, not to fill out their application forms.

Q. But with reference to Cabebe's application as to the printed words "present nationality"—

The Court: Appearing in?

Q. —appearing in the petition for naturalization for Cabebe, Arcadio Cabebe, "present nationality," "Republic of Philippines," is that right?

A. That's correct.

Q. Now, do you sometimes very frequently advise the applicants to put that in answer to that, what nationality, of the Philippine Republic?

Mr. Hoddick: I object to that on the grounds, your Honor, [13] that the question here is what this particular applicant was advised, and there has been no foundation laid to show that Mr. Kelleher advised this particular applicant brought out of the petition.

The Court: That's right. Your foundation isn't broad enough. It may be too broad.

Q. Well, I mean helping out and filling out these forms, did you ever advise applicants as to how to fill out that particular question?

Mr. Hoddick: I will object to that on the grounds that it isn't material.

Mr. Char: Well, I will lead that up. This is preliminary.

The Court: Well, ask him how that happened in this case, how it happened to be recorded. And I notice it is typewritten.

(Testimony of John J. Kelleher.)

Q. Do you know anything about this application, Mr. Kelleher?

A. Yes. I had a hand in processing it, and I conducted the preliminary examination and the preliminary hearing in this case.

Q. And as to that particular question, Philippine nationality, do you know anything about that?

A. Yes. This petitioner first submitted an application to file a petition in which he stated that his present [14] nationality was Filipino. When the accuracy of the statement came in his application, we checked at the preliminary examination. That statement of facts was given to a typist who typed the petition from the facts contained in the statement of facts. And, although the application shows "Filipino," it is shown on the petition as "Republic of the Philippines," which is probably the better term to describe his citizenship status rather than just the word "Filipino."

Q. But what is your understanding as to that terminology "Republic of Philippines"? Is that a conclusion on the part of the applicant?

A. In this case I am quite sure that it was. How he got it, I don't know. But all I can conclude is that he did feel that he was a citizen of the Republic of the Philippines because it appears on his application.

The Court: When you say "application," what do you mean, this formal document that has just been withdrawn. 9236, or some preliminary paper?

The Witness: Preliminary paper.

(Testimony of John J. Kelleher.)

The Court: Made out by whom, by him?

The Witness: Made out by him.

The Court: In his own handwriting?

The Witness: No, it is—this is a typewritten, made out on the typewriter, but it is signed by him, was signed by him before it was submitted to us. We don't have anything [15] to do with the preparation of these forms. It is an application form, the preliminary application form. They take it to friends or they take it to various agencies set up to aid and assist people in becoming citizens, and so on and so forth.

The Court: Your office has no contact in making out that form?

The Witness: None whatsoever.

The Court: You don't know when and where and under what circumstances this man made out that form?

The Witness: No, sir. There is a question on this form, "Did you yourself fill out this form? If not, give the name and address of the person who did." That is left blank.

Q. (By Mr. Char): That is, you didn't know who filled out that form?

A. I don't know from—

Q. Did you ever give instructions as to certain people or certain Filipino interpreters to put up the form, just put down as Republic of Philippines, because that is your understanding that they are aliens and therefore you would like to have it in that way?

(Testimony of John J. Kelleher.)

A. Well, I will say this, that when the Commonwealth of the Philippines first gained their independence and when the legislation was enacted permitting Filipinos to become [16] citizens, there was a person who came forward and indicated that they wanted to assist them in filling out these applications. And while I can't state positively that I did positively state to anyone that they should show "Republic of the Philippines," I might have. But if, as you say, on the question as to whether it was my understanding, it is my understanding that is the proper term and should be shown on the petition for naturalization, if they were born in the Philippines.

Q. If they put some other terms, wouldn't you request them to fill it the way it appears on that petition?

A. If they put some other term, I am quite sure that I would suggest that they show "Republic of the Philippines" and tell them to change it.

Q. But you could change it?

The Court: In other words, at this time, in view of the position which the Government takes, you would receive and process a petition for naturalization predicated on the basis of the person being a national of the United States, derived from citizenship in the Philippines?

The Witness: I didn't understand the first part of it.

The Court: In other words, today, in light of

(Testimony of John J. Kelleher.)

the position which the Government takes on this big issue that Mr. Char is raising, namely, that there are no longer Philippine nationals in the United States, you wouldn't receive and [17] process a petition that was filed claiming that the person was—of Filipino extraction such as this man, on the facts—that the person was a national of the United States, arrived from the Philippines and was on that basis and that basis alone seeking American citizenship under that provision of the law passed in 1940 allowing nationals of the United States to become citizens even though they weren't aliens?

The Witness: Well, if the application was submitted in which the applicant stated that he was a national of the United States, I would suggest to him, that is, today, I would suggest to him that that is incorrect, that he should file his petition as a citizen of the Republic of the Philippines. Now, as far as being a national of the United States, he could proceed towards citizenship in the same manner as an alien under Section 321. I can't think of any reason why he shouldn't, except that there might be an issue raised as to what the petition reflected as to his true nationality status. Now, it is kind of difficult to get into that and say just what might arise if he did show that, because after all he would be entitled to citizenship. It wouldn't be a matter that, well, we should make too much fuss about, I don't think, because he'd be either a national or an alien.

(Testimony of John J. Kelleher.)

Q. Now, Mr. Kelleher, you processed, shall I say, thousands of petitions for naturalization for Filipinos? A. Yes. [18]

Q. And is there anyone who ever claimed U. S. nationality in the petition for naturalization?

A. Well, occasionally one comes up where the information itself indicates that they do claim that U. S. nationals are second-class Americans, and it is the various and sundry terms they put in there to show that, although they are not full citizens of the United States, they are not aliens. But upon examination it is always revealed that they just didn't understand and they ask our advice, my advice, and I always tell them that it should show "Republic of the Philippines."

Q. But as to Filipinos petitioning for naturalization, there isn't any in your experience that they set it out as U. S. nationals?

A. In the petition itself?

Q. In the petition.

A. No, none that I know of.

Mr. Char: That's all.

The Court: Mr. Hoddick?

Mr. Hoddick: No questions.

The Court: You are excused.

(Witness excused.)

The Court: All right. Any further evidence on that score?

Mr. Char: No. [19]

The Court: All right. You can resume your

argument, then. I take it you have no evidence on this point, Mr. Hoddick?

Mr. Hoddick: No, your Honor.

The Court: All right. So here we are now with the situation clarified to some extent. At least the man is now on the basis of the record at least consistent with what he is saying here, namely, that he is a national still of the United States, and under his theory Congress had no right to deprive him of that status by giving the Philippine Islands their independence. Now, I have thrown you off stride by injecting this matter. It is now cleared up.

(Mr. Char resumed his argument.)

(The Court recessed at 12:10 p.m.)

Afternoon Session

(Mr. Hoddick presented his argument.)

(Mr. Char presented his closing argument.)

The Court: Well, I am going to give you an oral ruling on this point now, and I will supplement it later in a memorandum decision, for I gather that upon this point of law you are desirous of appealing as far as you can. It strikes me as if the basis of the contention made here by counsel for the petitioner upon the facts alleged in the petition, and agreed to as being operative facts, is a contention which is based more on emotion and sympathy than on logic of law. [20]

I am satisfied, as a matter of law, upon the facts here alleged that whether this particular plaintiff, and other similarly situated, liked what the United

States Government and the Government of the Philippine Islands did or not is beside the point. The fact is that in point of law, as a result of what has happened this plaintiff no longer qualifies under the laws of the United States as a national. True, he had been since his birth a national of the United States, which is a shadow-land status lying somewhere between the two extremes of citizenship and alienship, and his acquisition of that status as a national was derived from the fact that he was born in an area or, as you like to put it, upon a piece of property which was a possession of the United States. And being such, or rather, being so born, as a matter of law he owed in terms of nationality allegiance to the United States. But when, pursuant to the grace of Congress of the United States, in speaking for its people, the Congress acceded to the wishes of the people of the Philippine Islands and granted them independence as a free and sovereign nation, and that came to pass, at that time the foundation upon which this plaintiff had previously correctly maintained that he was a national of the United States disappeared. And by operation of law the country to which he then belonged and to whom he then and there after owed allegiance was the Republic of the Philippine Islands, and of which, under [21] Article 4 of its constitution, he became and is a citizen. And in his relationship, or rather from the standpoint now of the United States of America, even though he be lawfully in the United States for the purposes of

permanent residence, he is, being a citizen of the Philippines and owing exclusive allegiance now to its republic, he is, I say, in the eyes of the United States under its laws an alien and also an alien eligible for naturalization as a citizen of the United States if he meets the qualifications.

It is just practically unfortunate that with respect to the petition for naturalization which he had pending up until today there were obstacles placed there by his own doing, by his own conduct while in the United States, which made it unlikely that his petition would be successful. But I have indicated earlier that hard cases make poor law, and in the same light is the circumstance that he is very much desirous of going to Guam, I believe——

Mr. Char: Yes, your Honor.

The Court: ——and he can't go as a national of the United States or as a citizen of the United States. Whether or not he can go as a citizen of the Philippine Islands is another question upon which I am not authorized to pass. Whether or not he would want to go as such, if he could go, if he could go as such, is not my concern either. But quite clearly this man in his present circumstance as to alienship and citizenship, [22] passports, and so forth, has not been singled out and discriminated against by the United States Government or by his own government. In many respects the awkward position in which he finds himself currently as a practical matter is largely of his own doing. And

the sympathy, if any, which the facts might evoke do not change the law.

So to repeat, the foundations upon which he previously had a right under our law to claim to be a national of the United States having disappeared, disintegrated, by reason of the Philippine Islands becoming an independent nation under the name of the Republic of the Philippines, this particular plaintiff, I repeat, is no longer able to qualify under our law as a national of the United States.

The relief prayed for in this petition is denied and the petition is dismissed.

Mr. Char: May we note an exception, your Honor, and give a notice of appeal?

The Court: You may.

(The Court adjourned at 2:35 p.m.) [23]

I, Albert Grain, Official Court Reporter, U. S. District Court, Honolulu, T. H., do hereby certify that the foregoing is a true and correct transcript in Civil No. 908, Aracadio Cabebe versus Dean Acheson, proceedings held in U. S. District Court, Honolulu, T. H., on June 22, 1949, before the Hon. J. Frank McLaughlin, Judge.

/s/ ALBERT GRAIN.

Dated July 5, 1949.

[Endorsed]: Filed July 5, 1949.

[Endorsed]: No. 12333. United States Court of Appeals for the Ninth Circuit. Arcadio Cabebe, Appellant, vs. Dean Acheson, Secretary of State of the United States of America, Appellee. Transcript of Record. Appeal from the United States District Court for the Territory of Hawaii.

Filed: August 18, 1949.

/s/ PAUL P. O'BRIEN,

Clerk of the United States Court of Appeals for the Ninth Circuit.

In the United States Court of Appeals for the
Ninth Circuit

Civil No. 908

ARCADIO CABEBE,

Plaintiff-Appellant,

vs.

DEAN ACHESON, Secretary of State of the
United States of America,

Defendant-Appellee.

STATEMENT OF POINTS

Comes now Arcadio Cabebe, Plaintiff-Appellant in the above-entitled cause, and states that he intends to rely on the following points in his appeal to this Honorable Court:

1. The Court erred in holding that the Plaintiff-Appellant lost his United States nationality and became an alien when Congress granted complete independence to the Philippine Islands on July 4, 1946, while he was a permanent resident of the Territory of Hawaii.

2. The Court erred in holding that Plaintiff-Appellant's status as a U. S. national was not a vested right, which was beyond the power of Congress to take away from him, by reducing him to the lowly status of an alien, contrary to the Fifth Amendment of the United States Constitution.

3. The Court erred in holding that Congress has the right to reduce his status from that of a United States national to that of an alien and thereby depriving the Plaintiff-Appellant the right of truthfully stating, "I am an American," contrary to the First Amendment of the United States Constitution.

4. The Court erred in holding that the Philippine Independence Act did reduce Plaintiff-Appellant from his U. S. national status to that of an alien and such holding had no retroactive effect in Plaintiff-Appellant's status to that of an alien, contrary to the Eighth Amendment of the United States Constitution.

5. The Court erred in holding that by reducing his status from that of a U. S. national to that of an alien, it does not have the effect of banishment and exile and thereby inflict cruel and unusual

punishment upon him, contrary to Section 8, Article One of the Constitution.

W. Y. CHAR and
Y. FUKUSHIMA,
By /s/ YASUTAKA FUKUSHIMA,
Attorney for Plaintiff-
Appellant.

Receipt of copy acknowledged.

[Endorsed]: Filed Sept. 26, 1949.

[Title of Court of Appeals and Cause.]

DESIGNATION OF RECORD

Comes now Arcadio Cabebe, Plaintiff-Appellant in the above-entitled cause, and hereby designates the following parts of the record as necessary in the consideration of the points on which he intends to rely on appeal and requests that the following be printed as provided by the rules:

1. Complaint of Plaintiff-Appellant, Summons, and Officer's Return on Service of Writ.
2. Answer of Defendant-Appellee.
3. Transcript.
4. Memorandum of a Decision filed June 23, 1949.
5. Judgment filed June 23, 1949.
6. Motion for Extension of Time for Appeal.
7. Affidavit of W. Y. Char.
8. Order granting Extension of Time.

9. Notice of Appeal.

10. Clerk's Certificate.

ARCADIO CABEBE,
Plaintiff-Appellant.

W. Y. CHAR and

Y. FUKUSHIMA,

By /s/ YASUTAKA FUKUSHIMA,

Attorneys for Plaintiff-
Appellant.

Receipt of copy acknowledged.

[Endorsed]: Filed Sept. 26, 1949.

No. 12,333

IN THE
United States Court of Appeals
For the Ninth Circuit

ARCADIO CABEBE,

Plaintiff-Appellant,

VS.

DEAN ACHESON, Secretary of State of
the United States of America,

Defendant-Appellee.

**On Appeal from the District Court of the United States
for the Territory of Hawaii.**

BRIEF FOR ARCADIO CABEBE, PLAINTIFF-APPELLANT.

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FILED

JAN 3 - 1950

PAUL P. O'BRIEN



Table of Contents

	Page
The opinion below	1
Jurisdiction	1
Question presented	2
Constitutional provisions, statutes and proclamation.....	2
Specification of errors	3
Statement of facts	4
Summary of argument	4
Argument	6
Congress, by the Philippine Independence Act, created a new nation from “the Territory and people of the Philippine Islands”. This new nation has jurisdiction over only the people of the Philippine Islands within its geographical limits	6
The Philippine Independence Act contained no provision divesting U. S. nationals of Filipino descent, who had permanent residence in the U. S. of their U. S. nationality. In its absence, international law should control the status of these U. S. nationals	10
Congress cannot by discriminatory legislation arbitrarily single out U. S. nationals of Filipino descent and relegate them to the status of aliens	17
Congress has, by virtue of the Nationality Act of 1940, declared that a national can lose his U. S. nationality solely from any violation of the enumerated grounds stated in Section 801, 8 U.S.C.A.	21
We have reiterated and reaffirmed that “the right of expatriation is a natural and inherent right of all people, indispensable to the enjoyment of the rights of life, liberty and the pursuit of happiness”. This is a vested, personal and substantive right protected by the Fifth Amendment of the U. S. Constitution.....	23

	Page
Congress by relegating his status from that of a U. S. national to that of an alien, denies his freedom of speech because he can no longer state truthfully, "I am an American", contrary to the First Amendment of the Constitution	25
Congress, by reducing appellant's status from that of a U. S. national to that of an alien, in effect retroactively caused him to lose all of his rights as a U. S. national, contrary to Section 9, Article I of the Constitution	26
Congress, by changing appellant's status from that of a U. S. national to that of an alien does, in effect, banish and exile him and thereby does inflict cruel and unusual punishment upon him, contrary to the Eighth Amendment of the Constitution	26
Conclusion	27
Appendix	i

Table of Authorities Cited

Cases	Pages
Alfafara v. Fross, 26 Cal. (2d) 358 (1945).....	7
Arver v. United States, 245 U. S. 366, 38 Sup. Ct. 159 at 165 (1917)	20
Boyd v. Nebraska, 12 Sup. Ct. 376 at 383 (1892).....	9
Desbois Case, 2 Mart. (La.) 185 (1812)	9
Gonzales v. Williams, 192 U. S. 1	7
Hafferstein v. Lyme, 200 F. 165 (D. C. Mo., 1912)	20
Inglis v. Trustees of Sailor's Snug Harbor, 3 Peters 313, 7 L. Ed. 617, Act 120 (1830)	14, 15
In re Watson, 42 F. S. 163 at 166 (D.C. Ill. 1941).....	24
Klapprott v. United States, 93 Law. Edition 280 (1949)...	26
M'Ilvaine v. Coxe's Lessee, 4 Cranch 211 at 215, 2 L. Ed. 598 (1808)	16
Sharon v. Hill, 26 Cal. 337 (1885)	20
Toyota v. U. S., 268 U. S. 402	7
U. S. v. Gancy (1944), 54 F. Supp. 755, affirmed 149 F. (2d) 788	7
Ware v. Hylton, 3 Dallas 169, 1 L. Ed. 556 (1796).....	13
Zarate v. Allen, 32 H. 118	7

Statutes

30 U. S. Stat. 1754	6
31 U. S. Stat. 77	6
32 U. S. Stat. 691	7
48 U. S. Stat. 456	2, 8, 11

	Pages
54 U. S. Stat. 1137	7
60 U. S. Stat. 1352	8
U. S. Nationality Act, Section 503	1
8 U.S.C.A., Section 501(b)	7
8 U.S.C.A., Section 800	5
8 U.S.C.A., Section 801	21
8 U.S.C.A., Section 803	21
8 U.S.C.A., Section 808	21
8 U.S.C.A., Section 903	1
United States Constitution:	
Article I, Section 9	3, 6, 26
First Amendment	3
Fifth Amendment	3, 5
Eighth Amendment	4, 6

Textbooks

Brannon's "The Fourteenth Amendment", 34 (1901)	23
Halleck International Laws, 817	13
Van Dyne on "Citizenship", 143-248	9

Other References

48 Columbia Law Review, 957 (September, 1948)	24
18 U. S. Law Weekly, 2121 (1949)	18

No. 12,333

IN THE

**United States Court of Appeals
For the Ninth Circuit**

ARCADIO CABEBE,

Plaintiff-Appellant,

vs.

DEAN ACHESON, Secretary of State of
the United States of America,

Defendant-Appellee.

**On Appeal from the District Court of the United States
for the Territory of Hawaii.**

BRIEF FOR ARCADIO CABEBE, PLAINTIFF-APPELLANT.

OPINION BELOW.

The memorandum decision of the District Court is reported in 84 F. Supp. 639 (1949), and is found in the record on pages 13-16.

JURISDICTION.

The jurisdiction of the United States District Court for the Territory of Hawaii is founded upon Section 503 of the United States Nationality Act, 8 U.S.C.A.,

Section 903, and upon the validity of Section 10(a) of the Philippine Independence Act, 48 U. S. Stat. 456, and the Presidential Proclamation of Philippine Independence, 60 U. S. Stat. 1352.

Judgment was entered in the District Court on June 23, 1949. (R. 17.)

Motion for extension of time for appeal was filed on July 26, 1949 (R. 18) and an affidavit of W. Y. Char in support of the motion was filed on July 26, 1949. (R. 18.) An order granting the filing of the appeal to August 22, 1949, was filed on July 26, 1949 (R. 20) and notice of appeal was filed on July 28, 1949. (R. 20.)

QUESTION PRESENTED.

Did the Philippine Independence Act of July 4, 1946 divest a United States national of Filipino descent, who was then a permanent resident of the Territory of Hawaii, of his status as a United States national and relegate him to that of an alien?

CONSTITUTIONAL PROVISIONS, STATUTES AND PROCLAMATION.

The pertinent provisions of the Constitution, federal statutes and presidential proclamation appear in the Appendix.

SPECIFICATIONS OF ERRORS.

The District Court in Hawaii is in error in this case, in that:

1. The court erred in holding that the appellant lost his status as a United States national and became an alien when Congress granted complete independence to the Philippine Islands on July 4, 1946, at which time he was a permanent resident of the Territory of Hawaii.
2. The court erred in holding that appellant's status as a United States national was not a vested right, hence when Congress reduced him from the favorable status of a United States national to the lowly status of an alien, it was not contrary to the Fifth Amendment of the United States Constitution.
3. The court erred in holding that Congress has the right to reduce his status from that of a United States national to that of an alien, thereby depriving the appellant of the right to truthfully state, "I am an American", contrary to the First Amendment of the United States Constitution.
4. The court erred in holding that the Philippine Independence Act did reduce appellant from his United States national to that of an alien and such holding had no retroactive effect in appellant's status to that of an alien contrary to Section 9, Article I of the United States Constitution.
5. The court erred in holding that the reduction of his status from that of a United States national to that of an alien does not have the same effect as banishment and exile and, therefore, does not

thereby inflict cruel and unusual punishment upon him, contrary to the Eighth Amendment of the Constitution.

STATEMENT OF FACTS.

Appellant was born on October 10, 1910 (R. 32) in Narvacan, Ilocos Sur, Philippine Islands (R. 31) and first arrived in Honolulu in March, 1930. (R. 32.) Appellant requested and was denied a passport for the purpose of entering Guam, which passport he applied for on the basis of being, as of the date of his application, a national of the United States. (R. 34.) He was lawfully in Hawaii and was a permanent resident of the United States at the time the Philippine Islands acquired its independence. (R. 34.) Appellant did not affirmatively commit any act to expatriate himself. (R. 33.) Appellee admitted the facts stated in appellant's complaint but denied any conclusions of law. (R. 35.) Appellant had filed a petition for naturalization (R. 36) which the court permitted to be withdrawn without prejudice. (R. 37.)

SUMMARY OF ARGUMENT.

1. The intent of Congress in passing the Philippine Independence Act was to create a new nation from the territory and people of the Philippine Islands and the control of the newly formed government was con-

fined to the people who were residing within the geographical limits of the Philippine Islands.

2. In the absence of any provision in the Philippine Independence Act to include the United States nationals of Filipino descent, residing permanently in the United States, the United States nationals of Filipino descent are exempt from the jurisdiction and control of the newly formed Philippine government, remaining nationals of the United States.

3. Inasmuch as Congress has provided in 8 U.S. C.A., Section 800, entitled, "Right of Expatriation" that "the right of expatriation is a natural and inherent right of all people, indispensable to the enjoyment of the rights of life, liberty and the pursuit of happiness", Congress cannot deprive appellant of his right of expatriation by arbitrarily divesting him of his United States nationality and relegating him to the lowly status of an alien.

4. Congress cannot, by discriminatory legislation, arbitrarily and capriciously single out the United States nationals of Filipino descent and make them citizens or nationals of the Philippines, under its changed status of an alien nation. His United States nationality is a vested right which is protected by the Fifth Amendment of the United States Constitution.

5. Congress, by relegating his status from that of a United States national to that of an alien, denies his freedom of speech because he can no longer state

truthfully, "I am an American", contrary to the First Amendment of the Constitution.

6. Congress, by reducing appellant from his status of a United States national to that of an alien, in effect retroactively caused him to lose all of his rights as a United States national, contrary to Section 9, Article I of the Constitution.

7. Congress, by changing appellant's status from that of a United States national to that of an alien does, in effect, banish and exile him and thereby does inflict cruel and unusual punishment upon him, contrary to the Eighth Amendment of the Constitution.

ARGUMENT.

CONGRESS, BY THE PHILIPPINE INDEPENDENCE ACT, CREATED A NEW NATION FROM "THE TERRITORY AND PEOPLE OF THE PHILIPPINE ISLANDS". THIS NEW NATION HAS JURISDICTION OVER ONLY THE PEOPLE OF THE PHILIPPINE ISLANDS WITHIN ITS GEOGRAPHICAL LIMITS.

In the treaty of peace between the United States and Spain, signed at Paris December 10, 1898,¹ the Crown of Spain ceded the Philippine Islands to the United States.

In conformity with the provision of the treaty with Spain, the civil rights and political status of the native inhabitants of the ceded territories would be determined by Congress, by the act of April 12, 1900.²

¹30 U. S. Stat. 1754.

²31 U. S. Stat. 77.

By the act of July 1, 1902,³ Congress created a civil government for the administration of the affairs in the Philippine Islands. Congress further provided that "all inhabitants of the Philippine Islands continuing to reside therein, who were Spanish subjects on the 11th day of April, 1899 and then resided in said islands and their children born subsequent thereto, shall be deemed and held to be citizens of the Philippine Islands, except such as shall have elected to preserve their allegiance to the Crown of Spain."

By a number of court decisions,⁴ the inhabitants of the Philippine Islands have been determined and classified as "nationals" of the United States.

However, during the emergency period of World War II, a native-born Filipino was held to be an "alien" under the Alien Registration Act, but this decision⁵ was definitely limited and confined to said emergency period of World War II.

The political status of the Filipinos was determined by the Act of October 14, 1940⁶ and they came within the meaning of "national" as "a person, who, though not a citizen of the United States, owes permanent allegiance to the United States. It does not include an alien".

³32 U. S. Stat. 691.

⁴*Gonzales v. Williams*, 192 U. S. 1;

Toyota v. U. S., 268 U. S. 402;

Zarate v. Allen, 32 H. 118;

Alfajara v. Fross (1945), 26 Cal. (2d) 358.

⁵*U. S. v. Gancy* (1944), 54 F. Supp. 755, affirmed 149 F. (2d) 788.

⁶54 U. S. Stat. 1137, 8 U.S.C.A., Section 501(b).

With the foregoing historical background, appellant is now confronted with the impact of the provisions of the Philippine Independence Act of March 24, 1934,⁷ and the Presidential Proclamation of July 4, 1946,⁸ both of which are set out in full in the Appendix. The act and the proclamation, in determining whether or not appellant and 100,000 other Filipinos residing permanently in the United States are United States nationals, determine also their social, economic and political status.

By the language of Section 10(a) of the Philippine Independence Act, Congress declared that the United States government surrendered jurisdiction and control "then existing and exercised by the United States in and over the territory and people of the Philippine Islands" irrespective of whether they were citizens of the Philippine Islands or aliens residing therein permanently. The reasonable interpretation of the wording of Section 10(a) is that the "people of the Philippine Islands" were those who were residing permanently in the Philippine Islands, within the geographical boundaries of the Islands. The "people of the Philippine Islands" were composed of many social groups and mixtures, either citizens or aliens, who made up the community and helped in forming the new nation. If Congress had intended to limit specifically the citizens of the Philippine Islands, it could have expressed in no uncertain term the words "citizens" of the Philippine Islands, as it did on numerous occa-

⁷48 U. S. Stat. 456.

⁸60 U. S. Stat. 1352.

sions in previous legislations on newly acquired territories such as Hawaii, Louisiana, and the Northwest Territory. A full and complete discussion of admission of territories into the Union and naturalization by treaty is found in the case of *Boyd v. Nebraska*⁹ and *Van Dyne on Citizenship of the U. S.*, pages 143-248. Congress could also have used specific terms to include those Filipinos who have had permanent residence in the United States and with no thought or intent of returning to their native land.

A fortiori, when Congress defined other terms in the Phillippine Independence Act with great care and failed to define "people of the Philippine Islands" therein, Congress must have done so with a purpose, to-wit: that the people, who made up the community of the Islands, were to have the privilege of forming and becoming a part of the new nation, if they so desired, and those who did not so desire to be a part of the new nation were to have the privilege of retaining their former allegiance or acquiring new allegiance elsewhere.

On its face, the language is such that it is confined to those people residing in the Islands to form a new nation.

In the cases of *In Desbois Case*, 2 Mart. (La.) 185 (decided in 1812), and cited in *Boyd v. Nebraska*, 12 S. Ct. 375 at page 383 (1892), Desbois, a Frenchman and a foreigner was considered an "inhabitant" of the territory of Louisiana and became a United States

⁹12 Sup. Ct. 375.

citizen by congressional naturalization. The court said:

“If the word ‘inhabitants’ in the first section of this act, must be taken *lato sensu*; it cannot be restrained so as to include citizens of the United States only, for other persons are afterwards called upon to vote. There is not any treaty or other instrument which may be said to control it. Every attempt to restrict it must proceed on principles absolutely arbitrary.”

THE PHILIPPINE INDEPENDENCE ACT CONTAINED NO PROVISION DIVESTING U. S. NATIONALS OF FILIPINO DESCENT, WHO HAD PERMANENT RESIDENCE IN THE U. S., OF THEIR U. S. NATIONALITY. IN ITS ABSENCE, INTERNATIONAL LAW SHOULD CONTROL THE STATUS OF THESE U. S. NATIONALS.

We wish to point out that nowhere in the Philippine Independence Act, in the President's Proclamation, expressly or impliedly, are Filipinos residing in the United States included.

The control of the Philippine Commonwealth is limited to the geographical confines within the Philippine Islands and is not extended extra-territorially to the United States or foreign countries. The usual practice in International Law is that the treaty or the law provides for a right of election to the inhabitants of the ceded territory to retain the citizenship of their former sovereign or to become nationals of the newly formed government.

We quote Section 10(a) of the Philippine Independence Act, 48 U. S. Stat. 456, which reads as follows:

“On the 4th day of July immediately following the expiration of a period of ten years from the date of the inauguration of the new government under the constitution provided for in this Act the President of the United States shall by proclamation withdraw and surrender all right of possession, supervision, jurisdiction, control or sovereignty then existing and exercised by the United States in and over the territory and people of the Philippine Islands, including all military and other reservations of the Government of the United States in the Philippines (except such naval reservations and fueling stations as are reserved under section 5), and, on behalf of the United States, shall recognize the independence of the Philippine Islands as a separate and self-governing nation and acknowledge the authority and control over the same of the government instituted by the people thereof, under the constitution then in force.”

From the wording of the above quoted section, the United States Government surrendered jurisdiction and control over the territory and people of the Philippine Islands. There is nothing to indicate that the United States desired or intended to surrender jurisdiction and control over the Filipinos residing in the United States.

In the absence of words specifically including the Filipinos residing in the United States, as a matter of statutory construction, the Filipino people residing in

the United States remain under the jurisdiction and control of the United States and are exempt from the jurisdiction and control of the newly formed government. This was the doctrine of the law of nations as evidenced by the cases decided immediately after the Revolutionary War against England. The breaking away of the Thirteen Colonies from the mother country and the breaking away of the Philippine Islands from the United States are identical situations, with only one difference, to-wit: the Thirteen Colonies won their independence by revolution, that is, by force of arms from England, while the Philippine Islands won their independence by the process of evolution, that is, by persistent and continuous manifestations of their ability to govern themselves. The question then arises whether the Filipinos residing in the mother country (U. S.) are citizens of the Philippine Commonwealth only or whether they remain nationals of the United States.

From the decided cases and from the Nationality Act of 1940, we make the following observations:

- (1) That there is a mutual compact between the government and his national which cannot be dissolved by either party without the consent of the other.
- (2) That the Filipino, by remaining in the United States after the Philippine Independence Act, retains his American nationality.
- (3) That the Filipino residing in the United States at the time of the Independence Act, who removes himself from the United States to the Philippines, becomes a Filipino citizen. The

Filipino residing in the Philippines at the time of the Independence Act, who removes himself from the Philippines to the United States for permanent residence, retains his American nationality.

We quote from *In Halleck International Laws*, page 817:

“The rule of international law with respect to the transfer of the allegiance of the inhabitants of conquered territory, as established by the present usage of nations is more fully and correctly stated by Chief Justice Marshall, in delivering the opinion of the Supreme Court of the United States, as follows:

‘On the transfer of territory, the relations of its inhabitants with the former sovereign are dissolved; the same act which transfers their country, *transfers the allegiance of those who remain in it. The allegiance of those who do not remain, of course, is not so transferred with the territory.* In other words, they do not, by the transfer of the country, become the citizens or subjects of the conqueror, nor has he acquired any “absolute and perpetual right of sovereignty” over them. There is no “consent either express or tacit”, on their part in order to make the transfer of allegiance complete and binding.’ ” (Italics ours.)

In the case of *Ware v. Hylton*, 3 Dallas 169, 1 L. Ed. 556 (1796), the court said:

“On the declaration of independence, it was in the option of any subject of Great Britain, to join their brethren in America, or to remain subjects of Great Britain. Those who joined us were

entitled to all the benefits of our freedom and independence; but those who elected to continue subjects of Great Britain, exposed themselves to any loss that might arise therefrom.”

In the case of *Inglis v. Trustees of the Sailor's Snug Harbor*, 3 Peters 313, 7 L. Ed. 617 (1830), Act 120, the court said:

“This question is presented under several aspects, for the purpose of meeting what at present, from the evidence, appears a little uncertain as to the time of the birth of John Inglis. This question, as here presented, does not call upon the court for an opinion upon the broad doctrine of allegiance and the right of expatriation under a settled and unchanged state of society and government. But to decide what are the rights of the individuals composing that society, and living under the protection of that government when a revolution occurs, a dismemberment takes place, new governments are formed, and new relations between the government and the people are established.

If John Inglis, according to the first supposition under this point, was born before 4th of July, 1776, *he is an alien, unless his remaining in New York during the war changed his character, and made him an American citizen.* It is universally admitted, both in the English courts and in those of our own country, that all persons born within the colonies of North America, whilst subject to the crown of Great Britain, were natural-born British subjects, and *it must necessarily follow that that character was changed by the separation of the colonies from the parent state, and the*

acknowledgment of their independence.” (Italics ours.)

The court further said at page 315:

“And our doctrine is, that, by withdrawing from this country and adhering to the British government, they lost, or perhaps more properly speaking, never acquired the character of American citizens.” (Italics ours.)

Also at page 317, the court said:

“The case of M’Ilvaine v. Coxe’s Lessee, 4 C. 211, which has been relied upon, will not reach this case. The Court in that case recognized fully the right of election, but considered that Mr. Coxe had lost that right by remaining in the State of New Jersey, not only after she had declared herself a sovereign State, but after she had passed laws by which she pronounced him to be a member of, and in allegiance to the new government; that, by the act of the 4th of October, 1776, he became a member of the new society, entitled to the protection of its government. He continued to reside in New Jersey after the passage of this law, and until some time in the year 1777, thereby making his election to become a member of the new government; and the doctrine of allegiance became applicable to his case, which rests on the ground of a mutual compact between the government and the citizen or subject, which it is said cannot be dissolved by either party without the concurrence of the other. It is the tie which binds the governed to their government, in return for the protection which the government affords them.” (Italics ours.)

Congress, in the Independence Act, as well as in the Presidential Proclamation, made no allusion or reference to the Filipinos residing in the United States; we must, therefore, leave them in the same situation as if there were no Independence Act or Presidential Proclamation.

In the case of *M'Ilvaine v. Coxe's Lessee*, 4 Cranch 211, at 215, 2 L. Ed. 598 (1808), the court said:

“It contains an acknowledgment of the independence and sovereignty of the United States, in their political capacities, and a relinquishment on the part of his Britannic Majesty, of all claim to the government, propriety, and territorial rights of the same. These concessions amounted, no doubt, to a formal renunciation of all claim to the allegiance of the citizens of the United States. *But the question who were at that period citizens of the United States is not decided, or in the slightest degree alluded to, in this instrument; it was left necessarily to depend upon the laws of the respective States, who in their sovereign capacities had acted authoritatively upon the subject. It left all such persons in the situation it found them, neither making those citizens, who had by the laws of any of the States been declared aliens, nor releasing from their allegiance any who had become, and were claimed, as citizens.* It repeals no laws of any of the States which were then in force and operating upon this subject, but on the contrary it recognizes their validity by stipulating that congress should recommend to the States, the reconsideration of such of them as had worked confiscations. If the laws relating to this subject were at that period, in the

language of one of the counsel, temporary and functi officio, they certainly were not rendered so by the terms of the treaty, nor by the political situation of the two nations, in consequence of it. A contrary doctrine is *not only inconsistent with the sovereignties of the States, anterior to, and independent of, the treaty, but its indiscriminate adoption might be productive of more mischief than it is possible for us to foresee.*”

If, then, at the period of the treaty, the laws of New Jersey which had made Daniel Coxe a subject of that State were in full force, and were not repealed, or in any manner affected, by that instrument, if by force of these laws he was incapable of throwing off his allegiance to the State, and derived no right to do so by virtue of the treaty, it follows that he still retains the capacity which he possessed before the treaty, to take lands by descent in New Jersey, and, consequently, that the lessor of the plaintiff is entitled to recover.” (Italics ours.)

CONGRESS CANNOT BY DISCRIMINATORY LEGISLATION ARBITRARILY SINGLE OUT U. S. NATIONALS OF FILIPINO DESCENT AND RELEGATE THEM TO THE STATUS OF ALIENS.

If the logic of the lower court is correct that “the foundations upon which he previously had a right under our law to claim to be a national of the U. S. having disappeared, disintegrated, by reason, of the Philippine Islands becoming an independent nation under the name of the Republic of the Philippines,

this particular plaintiff, I repeat, is no longer able to qualify under our law as a national of the United States", then, the U. S. citizens of Filipino descent became aliens also because the Republic of the Philippines under their citizenship laws recognized them as their citizens. Why should the U. S. nationals of Filipino descent be singled out and discriminated against and not the U. S. citizens of Filipino descent or the U. S. nationals of Samoan or Guamanian descent? If that were true, how can he reconcile it with international law and the U. S. Supreme Court decisions that British citizens, though native-born Americans, retained their British citizenship when they continued to reside and remain in England after the Revolution.

In a recent case, before the Board of Immigration Appeals, in re, File No. A-6869289, reported in 18 U. S. Law Weekly 2121, decided on September 1, 1949, the question arose whether the racial test prescribed by Section 303 of the Nationality Act of 1940, does or does not bar admission of a Samoan-born woman whose half-German and half-Samoan father resided in Samoa when the islands were transferred to the United States. The board said:

"However, it is established in international law that on transfer of territory by one nation to another, the nationality of the inhabitants of the acquired territory becomes that of the Government under whose dominion they pass, subject to the right of election on their part to retain their former nationality by removal or otherwise, as may be provided. The treaty ceding American

Samoa to the United States contained no provision permitting the former nationals of Germany and Great Britain to retain their allegiance to those countries.

The racial test prescribed by Section 303 of the Nationality Act, which requires that an alien to be eligible for naturalization shall be at least of more than half of blood eligible for naturalization, did not bar the *half-German father from acquiring United States nationality at the time the islands were transferred*. In the first place, the test in Section 303 is established to determine *eligibility for citizenship*, and does not extend to a determination of *eligibility for nationality*. Secondly, the *treaty of transfer did not restrict the transfer of the allegiance of the inhabitants in any way, and when Congress accepted the cession of territory it accepted the allegiance of the inhabitants in accordance with the terms of the treaty*. Thirdly, the racial test is applicable to 'judicial naturalization' but not to 'congressional naturalization.' In the latter type, citizenship is bestowed by Congress without regard to blood, and, since the status of a *national is less than the status of a citizen*, there seems to be no logic in imposing a *racial restriction* in acquisition of nationality by *territorial acquisition* when there is no racial restriction with regard to *acquisition of citizenship by territorial acquisition*."

The logic and reasoning in the *Half-Samoan* case, *supra*, is applicable in the instant case. There should not be imposed a racial discrimination against United States nationality acquired by one of Filipino descent residing in the United States where there was no

racial discrimination against United States citizenship acquired by one of Filipino descent residing in the United States.

A Filipino, born in the Philippines, is, first and primarily, a United States national; but at the same time, incidentally, he is also a citizen of the Philippine Islands. His allegiance to the United States is paramount, being greater than his allegiance to the Philippines. His race, color or creed is merged into his status as a United States national.

Sharon v. Hill, California (1885), 26 Cal. 337;
Hafferstein v. Lyme (1912), 200 F. 165 (D.C.
 Mo., 1912).

In *Arver v. United States*, 245 U. S. 366, 38 Sup. Ct. 159 (1917) at 165, the court said:

“In reviewing the subject we have hitherto considered it as it has been argued from the point of view of the Constitution as it stood prior to the adoption of the Fourteenth Amendment. But to avoid all misapprehension we briefly direct attention to that amendment for the purpose of pointing out, as has been frequently done in the past, *how completely it broadened the national scope of the government under the Constitution by causing citizenship of the United States to be paramount and dominant instead of being subordinate and derivative*, and therefore operating as it does upon all the powers conferred by the Constitution leaves no possible support for the contentions made if their want of merit was otherwise not so clearly made manifest.” (Italics ours.)

CONGRESS HAS, BY VIRTUE OF THE NATIONALITY ACT OF 1940, DECLARED THAT A NATIONAL CAN LOSE HIS U. S. NATIONALITY SOLELY FROM ANY VIOLATION OF THE ENUMERATED GROUNDS STATED IN SECTION 801, 8 U.S.C.A. (UNDERSCORING OURS).

Section 801 of 8 U.S.C.A. defines the general means of losing United States nationality, as follows:

“A person who is a national of the United States, whether by birth or naturalization, shall lose his nationality by:” (Thereby naming 10 different means of losing nationality).

As a matter of statutory construction, the doctrine of *enumeratio unius est exclusio*, is applicable and consequently, Congress had no power of expatriating the United States nationals of Filipino descent residing permanently in the United States, when Section 801 of 8 U.S.C.A. provides the general means of losing United States nationality.

Section 808 of 8 U.S.C.A., defines the exclusiveness of losing nationality, as follows:

“The loss of nationality under this chapter shall result solely from the performance by a national of the acts or fulfillment of the conditions specified in this chapter.” (Italics ours.)

Section 803 of 8 U.S.C.A. reads:

“Restrictions on expatriation; residence in United States; age (a) Except as provided in subsections (g), (h), and (i) of Section 801, *no national can expatriate himself, or be expatriated, under this section while within the United States or any of its outlying possessions*, but expatriation shall result from the performance within the

United States or any of its outlying possessions of any of the acts or the fulfillment of any of the conditions specified in this section *if and when the national thereafter takes up a residence abroad.*" (Italics ours.)

From the foregoing, it would seem that a Filipino cannot "be expatriated" by Congress, or even if he wants to be expatriated, he cannot do so while residing in U. S. or its outlying possession.

The above quoted sections include both U. S. citizens and nationals. It is our contention that if Congress cannot denaturalize or expatriate a U. S. citizen, by the same token, it cannot denationalize a U. S. national.

On July 2, 1946, the United States bestowed upon the "Filipino person or persons of Filipino descent", the right to become a naturalized citizen, said right being deemed the highest honor and privilege ever to be bestowed upon a Filipino by the United States. But, two days later, on July 4, 1946, when the Filipinos were given their independence, it seems this same benign government had a change of heart and condemned the U. S. nationals of Filipino descent, despite his desire to remain a United States national and not to become a part of the newly created alien government, to exile as aliens. That, we do not believe was the intent of Congress. The "right of expatriation" is a natural and inherent right and is protected by the 5th Amendment of the Constitution.

WE HAVE REITERATED AND REAFFIRMED THAT "THE RIGHT OF EXPATRIATION IS A NATURAL AND INHERENT RIGHT OF ALL PEOPLE, INDISPENSABLE TO THE ENJOYMENT OF THE RIGHTS OF LIFE, LIBERTY AND THE PURSUIT OF HAPPINESS". THIS IS A VESTED, PERSONAL AND SUBSTANTIVE RIGHT PROTECTED BY THE FIFTH AMENDMENT OF THE U. S. CONSTITUTION.

In Brannon's "The Fourteenth Amendment", at page 34 (1901), the author said:

"But, though the Filipinos are not within the naturalization laws, still they are American free-men, entitled as persons, under the Fifth and Sixth Amendments to the Constitution of the United States, and under the Civil Rights Act and the free spirit of our government, to the personal rights accorded by the benign system of government of the United States. They are subject to our jurisdiction and laws, and from that very fact they are freemen in a free republican government, not subjects of an empire or monarchy. The treaty of peace with Spain did not give the inhabitants of these islands citizenship, but committed the government of them to Congress. Congress must govern them according to principles of American free government. As the treaty conveys the islands to us, we must regard our right as based on cession, not conquest, a consideration repelling all thought of power of imposing arbitrary government on those people."

If the right of citizenship is a vested right, we respectfully contend that the right of nationality should also be a vested right which cannot be defeated by legislative repeal.

In re Watson, 42 F. S. 163 at 166 (D.C. Ill. 1941), the court said :

“The vested right of citizenship cannot be defeated by repeal. It is too well known to require citation of authority that vested rights cannot be defeated by legislative repeal.”

It is an admitted fact that, in the matter of statutory construction and interpretation, where there is any doubt as to divesting a person of his citizenship or nationality, it should resolve in favor of the United States national, as evidenced by the opinion in 48 Columbia Law Review, 957 (September, 1948, issue) from which we quote as follows :

“In interpreting these denaturalization provisions, the Supreme Court, cognizant of the serious consequences which may follow the loss of citizenship, has resolved any doubt in favor of the naturalized person. It has given a strong presumption of validity to naturalization proceedings, requiring that a charge of fraud or illegality be sustained by ‘clear, unequivocal, and convincing proof’.”

We respectfully submit that to advocate a totalitarian philosophy that Congress can capriciously and arbitrarily destroy human right by legislative repeal is pernicious to the philosophy of democracy which believes in the dignity of man.

The doctrine of democracy protects the rights of the individual, guarantees that his life shall be secure, and sees that he shall have opportunities for self-realiza-

tion, without fear that the government will impair those natural and inherent rights of security and self-realization. Without this protection, these nationals would not expend their personal efforts to build their future or try to realize their dreams because they would know that Congress may arbitrarily cut the ground under their feet by discriminatory legislation and reduce them to the lowly status of aliens.

Furthermore, the problem of these nationals is, by its very own nature, self-liquidating. It applies to a specific class of people who are already in the United States and who, in the natural course of events, will reach the end of their life span over an average period of 25 years. Why not, then, let the nationals be happy and secure in their existing status and let time take care of the problem?

CONGRESS BY RELEGATING HIS STATUS FROM THAT OF A U. S. NATIONAL TO THAT OF AN ALIEN, DENIES HIS FREEDOM OF SPEECH BECAUSE HE CAN NO LONGER STATE TRUTHFULLY, "I AM AN AMERICAN", CONTRARY TO THE FIRST AMENDMENT OF THE CONSTITUTION.

Prior to the Philippine Independence Act, the U. S. national of Filipino descent was proud of the fact that he was an American! He could proclaim proudly that he was an American. Now he dares not do so. He would be deemed guilty of impersonation as an American if we concede that, by virtue of the Philippine Independence Act, he is no longer a national of

the United States. Thus, the Philippine Independence Act, as construed and applied by the Government, violates appellant's freedom of speech contrary to the First Amendment of the Constitution.

CONGRESS, BY REDUCING APPELLANT'S STATUS FROM THAT OF A U. S. NATIONAL TO THAT OF AN ALIEN, IN EFFECT RETROACTIVELY CAUSED HIM TO LOSE ALL OF HIS RIGHTS AS A U. S. NATIONAL, CONTRARY TO SECTION 9, ARTICLE I OF THE CONSTITUTION.

Congress, by reducing appellant's status from that of a U. S. national to that of an alien, makes appellant subject to deportation if he commits two felonies; removes his eligibility to be employed by the Federal and/or Territorial government; curtails his freedom to travel between the United States and foreign countries; takes away other rights, liberties, privileges and immunities heretofore enjoyed by him as a U. S. national.

CONGRESS, BY CHANGING APPELLANT'S STATUS FROM THAT OF A U. S. NATIONAL TO THAT OF AN ALIEN DOES, IN EFFECT, BANISH AND EXILE HIM AND THEREBY DOES INFLICT CRUEL AND UNUSUAL PUNISHMENT UPON HIM, CONTRARY TO THE EIGHTH AMENDMENT OF THE CONSTITUTION.

In the case of *Klapprott v. United States*, 93 Law. Edition 280, decided January 17, 1949, the Court said:

"To take away a man's citizenship deprives him of a right no less precious than life or liberty, in-

deed of one which today comprehends those rights and almost all others. To lay upon the citizen the punishment of exile for committing murder, or even treason, is a penalty thus far unknown to our law, and at most but doubtfully within Congress' power. U. S. Const. Amend. VIII. Yet by the device or label of a civil suit, carried forward with none of the safeguards of criminal procedure provided by the Bill of Rights, this most comprehensive and basic right of all, so it has been held, can be taken away and in its wake may follow the most cruel penalty of banishment."

Applying the foregoing to the instant case, we may logically and reasonably submit that to declare appellant is no longer a U. S. national but an alien is to virtually banish and exile him, contrary to ~~Section 8, Article I~~ of the U. S. Constitution. He is no longer considered one of us! His allegiance to the United States is no longer wanted; he is forced to be a citizen of a new nation to which he does not wish to belong, despite his wish to remain a U. S. national. He is considered a stranger in our midst! If that is not banishment and exile, what is?

CONCLUSION.

In conclusion, we respectfully submit that the humane and reasonable interpretation of the Independence Act is that it does not divest Filipinos residing in the United States of their status as United States nationals and reduce them to the status of aliens.

Dated, Honolulu, Territory of Hawaii, this 17th day
of December, A. D. 1949.

Respectfully submitted,

ARCADIO CABEBE,

Plaintiff-Appellant,

By W. Y. CHAR, SAU UNG CHAN AND

YASUTAKA FUKUSHIMA,

Per W. Y. CHAR,

His Attorneys.

(Appendix Follows.)

Appendix

PHILIPPINE INDEPENDENCE ACT

March 24, 1934

[H. R. 8573]

[Public, No. 127]

(48 Stat. 456)

[CHAPTER 84]

AN ACT

To provide for the complete independence of the Philippine Islands, to provide for the adoption of a constitution and a form of government for the Philippine Islands, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

CONVENTION TO FRAME CONSTITUTION FOR PHILIPPINE ISLANDS

Section 1. The Philippine Legislature is hereby authorized to provide for the election of delegates to a constitutional convention, which shall meet in the hall of the house of representatives in the capital of the Philippine Islands, at such time as the Philippine Legislature may fix, but not later than October 1, 1934, to formulate and draft a constitution for the government of the Commonwealth of the Philippine Islands, subject to the conditions and qualifications prescribed in this Act, which shall exercise jurisdiction over all the territory ceded to the United States by the treaty

of peace concluded between the United States and Spain on the 10th day of December, 1898, the boundaries of which are set forth in article III of said treaty, together with those islands embraced in the treaty between Spain and the United States concluded at Washington on the 7th day of November, 1900. The Philippine Legislature shall provide for the necessary expenses of such convention.

CHARACTER OF CONSTITUTION—MANDATORY PROVISIONS

Sec. 2. (a) The constitution formulated and drafted shall be republican in form, shall contain a bill of rights, and shall, either as a part thereof or in an ordinance appended thereto, contain provisions to the effect that, pending the final and complete withdrawal of the sovereignty of the United States over the Philippine Islands—

(1) All citizens of the Philippine Islands shall owe allegiance to the United States.

(2) Every officer of the government of the Commonwealth of the Philippine Islands shall, before entering upon the discharge of his duties take and subscribe an oath of office, declaring, among other things, that he recognizes and accepts the supreme authority of and will maintain true faith and allegiance to the United States.

(3) Absolute toleration of religious sentiment shall be secured and no inhabitant or religious organization

shall be molested in person or property on account of religious belief or worship.

(4) Property owned by the United States, cemeteries, churches, and parsonages or convents appurtenant thereto, and all lands, buildings, and improvements used exclusively for religious, charitable, or educational purposes shall be exempt from taxation.

(5) Trade relations between the Philippine Islands and the United States shall be upon the basis prescribed in section 6.

(6) The public debt of the Philippine Islands and its subordinate branches shall not exceed limits now or hereafter fixed by the Congress of the United States; and no loans shall be contracted in foreign countries without the approval of the President of the United States.

(7) The debts, liabilities, and obligations of the present Philippine government, its Provinces, municipalities, and instrumentalities, valid and subsisting at the time of the adoption of the constitution, shall be assumed and paid by the new government.

(8) Provision shall be made for the establishment and maintenance of an adequate system of public schools, primarily conducted in the English language.

(9) Acts affecting currency, coinage, imports, exports, and immigration shall not become law until approved by the President of the United States.

(10) Foreign affairs shall be under the direct supervision and control of the United States.

(11) All acts passed by the Legislature of the Commonwealth of the Philippine Islands shall be reported to the Congress of the United States.

(12) The Philippine Islands recognizes the right of the United States to expropriate property for public uses, to maintain military and other reservations and armed forces in the Philippines, and, upon order of the President, to call into the service of such armed forces all military forces organized by the Philippine government.

(13) The decisions of the courts of the Commonwealth of the Philippine Islands shall be subject to review by the Supreme Court of the United States as provided in paragraph (6) of section 7.

(14) The United States may, by Presidential proclamation, exercise the right to intervene for the preservation of the government of the Commonwealth of the Philippine Islands and for the maintenance of the government as provided in the constitution thereof, and for the protection of life, property, and individual liberty and for the discharge of government obligations under and in accordance with the provisions of the constitution.

(15) The authority of the United States High Commissioner to the government of the Commonwealth of the Philippine Islands, as provided in this Act, shall be recognized.

(16) Citizens and corporations of the United States shall enjoy in the Commonwealth of the Philippine

Islands all the civil rights of the citizens and corporations, respectively, thereof.

(b) The constitution shall also contain the following provisions, effective as of the date of the proclamation of the President recognizing the independence of the Philippine Islands, as hereinafter provided:

(1) That the property rights of the United States and the Philippine Islands shall be promptly adjusted and settled, and that all existing property rights of citizens or corporations of the United States shall be acknowledged, respected, and safeguarded to the same extent as property rights of citizens of the Philippine Islands.

(2) That the officials elected and serving under the constitution adopted pursuant to the provisions of this Act shall be constitutional officers of the free and independent government of the Philippine Islands and qualified to function in all respects as if elected directly under such government, and shall serve their full terms of office as prescribed in the constitution.

(3) That the debts and liabilities of the Philippine Islands, its Provinces, cities, municipalities, and instrumentalities, which shall be valid and subsisting at the time of the final and complete withdrawal of the sovereignty of the United States, shall be assumed by the free and independent government of the Philippine Islands; and that where bonds have been issued under authority of an Act of Congress of the United States by the Philippine Islands, or any Province, city, or municipality therein, the Philippine government will

make adequate provision for the necessary funds for the payment of interest and principal, and such obligations shall be a first lien on the taxes collected in the Philippine Islands.

(4) That the government of the Philippine Islands, on becoming independent of the United States, will assume all continuing obligations assumed by the United States under the treaty of peace with Spain ceding said Philippine Islands to the United States.

(5) That by way of further assurance the government of the Philippine Islands will embody the foregoing provisions (except paragraph (2)) in a treaty with the United States.

SUBMISSION OF CONSTITUTION TO THE PRESIDENT OF THE UNITED STATES.

Sec. 3. Upon the drafting and approval of the constitution by the constitutional convention in the Philippine Islands, the constitution shall be submitted within two years after the enactment of this Act to the President of the United States, who shall determine whether or not it conforms with the provisions of this Act. If the President finds that the proposed constitution conforms substantially with the provisions of this Act he shall so certify to the Governor General of the Philippine Islands, who shall so advise the constitutional convention. If the President finds that the constitution does not conform with the provisions of this Act he shall so advise the Governor General of the Philippine Islands, stating wherein in his judgment the constitution does not so conform and submitting

provisions which will in his judgment make the constitution so conform. The Governor General shall in turn submit such message to the constitutional convention for further action by them pursuant to the same procedure hereinbefore defined, until the President and the constitutional convention are in agreement.

SUBMISSION OF CONSTITUTION TO FILIPINO PEOPLE.

Sec. 4. After the President of the United States has certified that the constitution conforms with the provisions of this Act, it shall be submitted to the people of the Philippine Islands for their ratification or rejection at an election to be held within four months after the date of such certification, on a date to be fixed by the Philippine Legislature, at which election the qualified voters of the Philippine Islands shall have an opportunity to vote directly for or against the proposed constitution and ordinances appended thereto. Such election shall be held in such manner as may be prescribed by the Philippine Legislature, to which the return of the election shall be made. The Philippine Legislature shall by law provide for the canvassing of the return and shall certify the result to the Governor General of the Philippine Islands, together with a statement of the votes cast, and a copy of said constitution and ordinances. If a majority of the votes cast shall be for the constitution, such vote shall be deemed an expression of the will of the people of the Philippine Islands in favor of Philippine independence, and the Governor General shall,

within thirty days after receipt of the certification from the Philippine Legislature, issue a proclamation for the election of officers of the government of the Commonwealth of the Philippine Islands provided for in the constitution. The election shall take place not earlier than three months nor later than six months after the proclamation by the Governor General ordering such election. When the election of the officers provided for under the constitution has been held and the results determined, the Governor General of the Philippine Islands shall certify the results of the election to the President of the United States, who shall thereupon issue a proclamation announcing the results of the election, and upon the issuance of such proclamation by the President the existing Philippine government shall terminate and the new government shall enter upon its rights, privileges, powers, and duties, as provided under the constitution. The present government of the Philippine Islands shall provide for the orderly transfer of the functions of government.

If a majority of the votes cast are against the constitution, the existing government of the Philippine Islands shall continue without regard to the provisions of this Act.

TRANSFER OF PROPERTY AND RIGHTS TO PHILIPPINE COMMONWEALTH.

Sec. 5. All the property and rights which may have been acquired in the Philippine Islands by the United States under the treaties mentioned in the first section of this Act, except such land or other property as

has heretofore been designated by the President of the United States for Military and other reservations of the Government of the United States, and except such land or other property or rights or interests therein as may have been sold or otherwise disposed of in accordance with law, are hereby granted to the government of the Commonwealth of the Philippine Islands when constituted.

RELATIONS WITH THE UNITED STATES PENDING COMPLETE INDEPENDENCE

Sec. 6. After the date of the inauguration of the government of the Commonwealth of the Philippine Islands trade relations between the United States and the Philippine Islands shall be as now provided by law, subject to the following exceptions:

(a) There shall be levied, collected, and paid on all refined sugars in excess of fifty thousand long tons, and on unrefined sugars in excess of eight hundred thousand long tons, coming into the United States from the Philippine Islands in any calendar year, the same rates of duty which are required by the laws of the United States to be levied, collected, and paid upon like articles imported from foreign countries.

(b) There shall be levied, collected, and paid on all coconut oil coming into the United States from the Philippine Islands in any calendar year in excess of two hundred thousand long tons, the same rates of duty which are required by the laws of the United States to be levied, collected, and paid upon like articles imported from foreign countries.

(c) There shall be levied, collected, and paid on all yarn, twine, cord, cordage, rope and cable, tarred or untarred, wholly or in chief value of manila (abaca) or other hard fibers, coming into the United States from the Philippine Islands in any calendar year in excess of a collective total of three million pounds of all such articles hereinbefore enumerated, the same rates of duty which are required by the laws of the United States to be levied, collected, and paid upon like articles imported from foreign countries.

(d) In the event that in any year the limit in the case of any article which may be exported to the United States free of duty shall be reached by the Philippine Islands, the amount or quantity of such articles produced or manufactured in the Philippine Islands thereafter that may be so exported to the United States free of duty shall be allocated, under export permits issued by the government of the Commonwealth of the Philippine Islands, to the producers or manufacturers of such articles proportionately on the basis of their exportation to the United States in the preceding year; except that in the case of unrefined sugar the amount thereof to be exported annually to the United States free of duty shall be allocated to the sugar-producing mills of the islands proportionately on the basis of their average annual production for the calendar years 1931, 1932, and 1933, and the amount of sugar from each mill which may be so exported shall be allocated in each year between the mill and the planters on the basis of the proportion of sugar to which the mill and the planters are respec-

tively entitled. The government of the Philippine Islands is authorized to adopt the necessary laws and regulations for putting into effect the allocation hereinbefore provided.

(e) The government of the Commonwealth of the Philippine Islands shall impose and collect an export tax on all articles that may be exported to the United States from the Philippine Islands free of duty under the provisions of existing law as modified by the foregoing provisions of this section, including the articles enumerated in subdivisions (a), (b), and (c), within the limitations therein specified, as follows:

(1) During the sixth year after the inauguration of the new government the export tax shall be 5 per centum of the rates of duty which are required by the laws of the United States to be levied, collected, and paid on like articles imported from foreign countries;

(2) During the seventh year after the inauguration of the new government the export tax shall be 10 per centum of the rates of duty which are required by the laws of the United States to be levied, collected, and paid on like articles imported from foreign countries;

(3) During the eighth year after the inauguration of the new government the export tax shall be 15 per centum of the rates of duty which are required by the laws of the United States to be levied, collected, and paid on like articles imported from foreign countries;

(4) During the ninth year after the inauguration of the new government the export tax shall be 20 per

centum of the rates of duty which are required by the laws of the United States to be levied, collected, and paid on like articles imported from foreign countries;

(5) After the expiration of the ninth year after the inauguration of the new government the export tax shall be 25 per centum of the rates of duty which are required by the laws of the United States to be levied, collected, and paid on like articles imported from foreign countries.

The government of the Commonwealth of the Philippine Islands shall place all funds received from such export taxes in a sinking fund, and such funds shall, in addition to other moneys available for that purpose, be applied solely to the payment of the principal and interest on the bonded indebtedness of the Philippine Islands, its Provinces, municipalities, and instrumentalities, until such indebtedness has been fully discharged.

When used in this section in a geographical sense, the term "United States" includes all Territories and possessions of the United States, except the Philippine Islands, the Virgin Islands, American Samoa, and the island of Guam.

Sec. 7. Until the final and complete withdrawal of American sovereignty over the Philippine Islands—

(1) Every duly adopted amendment to the constitution of the government of the Commonwealth of the Philippine Islands shall be submitted to the President of the United States for approval. If the President approves the amendment or if the President fails to

disapprove such amendment within six months from the time of its submission, the amendment shall take effect as a part of such constitution.

(2) The President of the United States shall have authority to suspend the taking effect of or the operation of any law, contract, or executive order of the government of the Commonwealth of the Philippine Islands, which in his judgment will result in a failure of the government of the Commonwealth of the Philippine Islands to fulfill its contracts, or to meet its bonded indebtedness and interest thereon or to provide for its sinking funds, or which seems likely to impair the reserves for the protection of the currency of the Philippine Islands, or which in his judgment will violate international obligations of the United States.

(3) The Chief Executive of the Commonwealth of the Philippine Islands shall make an annual report to the President and Congress of the United States of the proceedings and operations of the government of the Commonwealth of the Philippine Islands and shall make such other reports as the President or Congress may request.

(4) The President shall appoint, by and with the advice and consent of the Senate, a United States High Commissioner to the government of the Commonwealth of the Philippine Islands who shall hold office at the pleasure of the President and until his successor is appointed and qualified. He shall be known as the United States High Commissioner to

the Philippine Islands. He shall be the representative of the President of the United States in the Philippine Islands and shall be recognized as such by the government of the Commonwealth of the Philippine Islands, by the commanding officers of the military forces of the United States, and by all civil officials of the United States in the Philippine Islands. He shall have access to all records of the government or any subdivision thereof, and shall be furnished by the Chief Executive of the Commonwealth of the Philippine Islands with such information as he shall request.

If the government of the Commonwealth of the Philippine Islands fails to pay any of its bonded or other indebtedness or the interest thereon when due or to fulfill any of its contracts, the United States High Commissioner shall immediately report the facts to the President, who may thereupon direct the High Commissioner to take over the customs offices and administration of the same, administer the same, and apply such part of the revenue received therefrom as may be necessary for the payment of such overdue indebtedness or for the fulfillment of such contracts. The United States High Commissioner shall annually, and at such other times as the President may require, render an official report to the President and Congress of the United States. He shall perform such additional duties and functions as may be delegated to him from time to time by the President under the provisions of this Act.

The United States High Commissioner shall receive the same compensation as is now received by the

Governor General of the Philippine Islands, and shall have such staff and assistants as the President may deem advisable and as may be appropriated for by Congress, including a financial expert, who shall receive for submission to the High Commissioner a duplicate copy of the reports of the insular auditor. Appeals from decisions of the insular auditor may be taken to the President of the United States. The salaries and expenses of the High Commissioner and his staff and assistants shall be paid by the United States.

The first United States High Commissioner appointed under this Act shall take office upon the inauguration of the new government of the Commonwealth of the Philippine Islands.

(5) The government of the Commonwealth of the Philippine Islands shall provide for the selection of a Resident Commissioner to the United States, and shall fix his term of office. He shall be the representative of the government of the Commonwealth of the Philippine Islands and shall be entitled to official recognition as such by all departments upon presentation to the President of credentials signed by the Chief Executive of said government. He shall have a seat in the House of Representatives of the United States, with the right of debate, but without the right of voting. His salary and expenses shall be fixed and paid by the government of the Philippine Islands. Until a Resident Commissioner is selected and qualified under this section, existing law governing the

appointment of Resident Commissioners from the Philippine Islands shall continue in effect.

(6) Review by the Supreme Court of the United States of cases from the Philippine Islands shall be as now provided by law; and such review shall also extend to all cases involving the constitution of the Commonwealth of the Philippine Islands.

Sec. 8. (a) Effective upon the acceptance of this Act by concurrent resolution of the Philippine Legislature or by a convention called for that purpose, as provided in section 17—

(1) For the purposes of the Immigration Act of 1917, the Immigration Act of 1924 (except section 13(c)), this section, and all other laws of the United States relating to the immigration, exclusion, or expulsion of aliens, citizens of the Philippine Islands who are not citizens of the United States shall be considered as if they were aliens. For such purposes the Philippine Islands shall be considered as a separate country and shall have for each fiscal year a quota of fifty. This paragraph shall not apply to a person coming or seeking to come to the Territory of Hawaii who does not apply for and secure an immigration or passport visa, but such immigration shall be determined by the Department of the Interior on the basis of the needs of industries in the Territory of Hawaii.

(2) Citizens of the Philippine Islands who are not citizens of the United States shall not be admitted to the continental United States from the Territory of

Hawaii (whether entering such Territory before or after the effective date of this section) unless they belong to a class declared to be nonimmigrants by section 3 of the Immigration Act of 1924 or to a class declared to be nonquota immigrants under the provisions of section 4 of such Act other than subdivision (c) thereof, or unless they were admitted to such Territory under an immigration visa. The Secretary of Labor shall by regulations provide a method for such exclusion and for the admission of such excepted classes.

(3) Any Foreign Service officer may be assigned to duty in the Philippine Islands, under a commission as a consular officer, for such period as may be necessary and under such regulations as the Secretary of State may prescribe, during which assignment such officer shall be considered as stationed in a foreign country; but his powers and duties shall be confined to the performance of such of the official acts and notarial and other services, which such officer might properly perform in respect of the administration of the immigration laws if assigned to a foreign country as a consular officer, as may be authorized by the Secretary of State.

(4) For the purpose of sections 18 and 20 of the Immigration Act of 1917, as amended, the Philippine Islands shall be considered to be a foreign country.

(b) The provisions of this section are in addition to the provisions of the immigration laws now in force, and shall be enforced as a part of such laws,

and all the penal or other provisions of such laws not inapplicable, shall apply to and be enforced in connection with the provisions of this section. An alien, although admissible under the provisions of this section, shall not be admitted to the United States if he is excluded by any provision of the immigration laws other than this section, and an alien, although admissible under the provisions of the immigration laws other than this section, shall not be admitted to the United States if he is excluded by any provision of this section.

(c) Terms defined in the Immigration Act of 1924 shall, when used in this section, have the meaning assigned to such terms in that Act.

Sec. 9. There shall be no obligation on the part of the United States to meet the interest or principal of bonds and other obligations of the government of the Philippine Islands or the Provincial and municipal governments thereof, hereafter issued during the continuance of United States sovereignty in the Philippine Islands: Provided, That such bonds and obligations hereafter issued shall not be exempt from taxation in the United States or by authority of the United States.

RECOGNITION OF PHILIPPINE INDEPENDENCE AND WITHDRAWAL OF AMERICAN SOVEREIGNTY

Sec. 10. (a) On the 4th day of July immediately following the expiration of a period of ten years from the date of the inauguration of the new government under the constitution provided for in this Act the

President of the United States shall by proclamation withdraw and surrender all right of possession, supervision, jurisdiction, control, or sovereignty then existing and exercised by the United States in and over the territory and people of the Philippine Islands, including all military and other reservations of the Government of the United States in the Philippines (except such naval reservations and fueling stations as are reserved under section 5), and, on behalf of the United States, shall recognize the independence of the Philippine Islands as a separate and self-governing nation and acknowledge the authority and control over the same of the government instituted by the people thereof, under the constitution then in force.

(b) The President of the United States is hereby authorized and empowered to enter into negotiations with the government of the Philippine Islands not later than two years after his proclamation recognizing the independence of the Philippine Islands, for the adjustment and settlement of all questions relating to naval reservations and fueling stations of the United States in the Philippine Islands, and pending such adjustment and settlement the matter of naval reservations and fueling stations shall remain in its present status.

NEUTRALIZATION OF PHILIPPINE ISLANDS

Sec. 11. The President is requested, at the earliest practicable date, to enter into negotiations with foreign powers with a view to the conclusion of a

treaty for the perpetual neutralization of the Philippine Islands, if and when Philippine independence shall have been achieved.

NOTIFICATION TO FOREIGN GOVERNMENTS

Sec. 12. Upon the proclamation and recognition of the independence of the Philippine Islands, the President shall notify the governments with which the United States is in diplomatic correspondence thereof and invite said governments to recognize the independence of the Philippine Islands.

TARIFF DUTIES AFTER INDEPENDENCE

Sec. 13. After the Philippine Islands have become a free and independent nation there shall be levied, collected, and paid upon all articles coming into the United States from the Philippine Islands the rates of duty which are required to be levied, collected, and paid upon like articles imported from other foreign countries: Provided, That at least one year prior to the date fixed in this Act for the independence of the Philippine Islands, there shall be held a conference of representatives of the Government of the United States and the government of the Commonwealth of the Philippine Islands, such representatives to be appointed by the President of the United States and the Chief Executive of the Commonwealth of the Philippine Islands, respectively, for the purpose of formulating recommendations as to future trade relations between the Government of the United States and the independent government of the Philippine

Islands, the time, place, and manner of holding such conference to be determined by the President of the United States; but nothing in this proviso shall be construed to modify or affect in any way any provision of this Act relating to the procedure leading up to Philippine independence or the date upon which the Philippine Islands shall become independent.

IMMIGRATION AFTER INDEPENDENCE

Sec. 14. Upon the final and complete withdrawal of American sovereignty over the Philippine Islands the immigration laws of the United States (including all the provisions thereof relating to persons ineligible to citizenship) shall apply to persons who were born in the Philippine Islands to the same extent as in the case of other foreign countries.

CERTAIN STATUTES CONTINUED IN FORCE

Sec. 15. Except as in this Act otherwise provided, the laws now or hereafter in force in the Philippine Islands shall continue in force in the Commonwealth of the Philippine Islands until altered, amended, or repealed by the Legislature of the Commonwealth of the Philippine Islands or by the Congress of the United States, and all references in such laws to the government or officials of the Philippines or Philippine Islands shall be construed, insofar as applicable, to refer to the government and corresponding officials respectively of the Commonwealth of the Philippine Islands. The government of the Commonwealth of the Philippine Islands shall be deemed successor to the present government of the Philippine Islands and

of all the rights and obligations thereof. Except as otherwise provided in this Act, all laws or parts of laws relating to the present government of the Philippine Islands and its administration are hereby repealed as of the date of the inauguration of the government of the Commonwealth of the Philippine Islands.

Sec. 16. If any provision of this Act is declared unconstitutional or the applicability thereof to any person or circumstance is held invalid, the validity of the remainder of the Act and the applicability of such provisions to other persons and circumstances shall not be affected thereby.

EFFECTIVE DATE

Sec. 17. The foregoing provisions of this Act shall not take effect until accepted by concurrent resolution of the Philippine Legislature or by a convention called for the purpose of passing upon that question as may be provided by the Philippine Legislature.

Approved, March 24, 1934.

INDEPENDENCE OF THE PHILIPPINES BY THE PRESIDENT OF THE UNITED STATES OF AMERICA A PROCLAMATION

(July 4, 1946)

[No. 2695]

(60 Stat. 1352)

WHEREAS the United States of America by the Treaty of Peace with Spain of December 10, 1898,

commonly known as the Treaty of Paris, and by the Treaty with Spain of November 7, 1900, did acquire sovereignty over the Philippines and by the Convention of January 2, 1930, with Great Britain did delimit the boundary between the Philippine Archipelago and the State of North Borneo; and

WHEREAS the United States of America has consistently and faithfully during the past forty-eight years exercised jurisdiction and control over the Philippines and its people; and

WHEREAS it has been the repeated declaration of the legislative and executive branches of the Government of the United States of America that full independence would be granted the Philippines as soon as the people of the Philippines were prepared to assume this obligation; and

WHEREAS the people of the Philippines have clearly demonstrated their capacity for self-government; and

WHEREAS the Act of Congress approved March 24, 1934, known as the Philippine Independence Act, directed that, on the 4th day of July immediately following a ten-year transitional period leading to the independence of the Philippines, the President of the United States of America should by proclamation withdraw and surrender all rights of possession, supervision, jurisdiction, control, or sovereignty of the United States of America in and over the territory and people of the Philippines, except certain reservations therein or thereafter authorized to be made, and, on behalf of the United States of America, should recognize the independence of the Philippines:

NOW, THEREFORE, I, HARRY S. TRUMAN, President of the United States of America, acting under and by virtue of the authority vested in me by the aforesaid act of Congress, do proclaim that, in accord with and subject to the reservations provided for in the applicable statutes of the United States,

The United States of America hereby withdraws and surrenders all rights of possession, supervision, jurisdiction, control, or sovereignty now existing and exercised by the United States of America in and over the territory and people of the Philippines; and,

On behalf of the United States of America, I do hereby recognize the independence of the Philippines as a separate and self-governing nation and acknowledge the authority and control over the same of the government instituted by the people thereof, under the constitution now in force.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the seal of the United States of America to be affixed.

DONE at the City of Washington this Fourth day of July in the year of our Lord, nineteen hundred and forty-six, and of the Independence of the United States of America the one hundred and seventy-first.

[SEAL]

HARRY S TRUMAN

By the President:

DEAN ACHESON

Acting Secretary of State.

CONSTITUTION
OF THE UNITED STATES OF AMERICA.

Article I.

Section 9. The Migration or Importation of such Persons as any of the States now existing shall think proper to admit, shall not be prohibited by the Congress prior to the Year One thousand eight hundred and eight, but a Tax or duty may be imposed on such Importation, not exceeding ten dollars for each Person.

The Privilege of the Writ of Habeas Corpus shall not be suspended, unless when in Cases of Rebellion or Invasion the public Safety may require it.

No Bill of Attainder or ex post facto Law shall be passed.

AMENDMENTS TO THE CONSTITUTION.

Article I.—1791.

Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the Government for a redress of grievances.

Article V.—1791.

No person shall be held to answer for a capital, or otherwise infamous crime, unless on a presentment or indictment of a Grand Jury, except in cases arising

in the land or naval forces, or in the Militia, when in actual service in time of War or public danger; nor shall any person be subject for the same offense to be twice put in jeopardy of life or limb; nor shall be compelled in any Criminal Case to be a witness against himself, nor be deprived of life, liberty, or property, without due process of law, nor shall private property be taken for public use, without just compensation.

Article VIII.—1791.

Excessive bail shall not be required, nor excessive fines imposed, nor cruel and unusual punishments inflicted.

No. 12,333

IN THE
United States Court of Appeals
For the Ninth Circuit

ARCADIO CABEBE,

Appellant,

VS.

DEAN ACHESON, Secretary of State of
the United States of America,

Appellee.

Upon Appeal from the District Court of the United States
for the Territory of Hawaii.

BRIEF FOR APPELLEE.

RAY J. O'BRIEN,

United States Attorney, District of Hawaii,

HOWARD K. HODDICK,

Assistant United States Attorney, District of Hawaii,

Federal Building, Honolulu, T. H.,

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MAR 3 - 1939

Subject Index

	Page
Opinion below	1
Jurisdiction	1
Statement	2
Summary of argument	3
Argument	5
I. It is for each state primarily to determine what persons it will treat as nationals thereof.....	5
II. Under the law of the United States, non-citizen persons born in the Philippines are aliens.....	6
III. Under the law of the Republic of the Philippines, the appellant is a citizen thereof.....	10
IV. The United States by its grant of independence to the Philippines has deprived the appellant of no vested property right	12
Conclusion	13

Table of Authorities Cited

Cases	Pages
Chae Chan Ping, In re, 36 Fed. 431 (1888), aff'd 130 U.S. 581 (1889)	4, 5, 12
Del Guercio v. Gabot, 161 F. (2d) 559 (1947)	8
Fletcher v. Peck, 10 U. S. 87 (1810)	6
Low Wah Suey v. Backus, 225 U. S. 460 (1911)	6
Lynch v. United States, 292 U. S. 571 (1933)	6
Manantan, Application of, D.C. Hawaii (1948) (Unreported)	9
Norris v. Crocker, 54 U. S. 429 (1851)	5
United States v. Gancy, 54 F. Supp. 755 (1944), aff'd 149 F. (2d) 788 (1945), cert. den. 326 U. S. 767	10
United States v. Lovett, 328 U. S. 303 (1945)	12
United States v. Maney, 21 F. (2d) 28 (1927), aff'd 278 U. S. 17 (1928)	6
Viloria, Application of, 84 F. Supp. 584 (1949)	3, 10

Statutes

Jones Act of August 29, 1916, c. 416, 39 Stat. 545	12
Presidential Proclamation of July 4, 1946, Proc. No. 2695, 60 Stat. 1352	2
8 U.S.C. 173, Act of February 5, 1917, c. 29, §§1, 37, as amended, June 2, 1924, c. 233, 43 Stat. 253	6
8 U.S.C. 501(b), Nationality Act of October 14, 1940, c. 876, Title I, Subchap. I, §101(b), 54 Stat. 1137	3
8 U.S.C. 903, Nationality Act of October 14, 1940, c. 876, Title I, Subchap. V, §503, 54 Stat. 1171	1, 2
28 U.S.C. 1291, Act of June 25, 1948, c. 646, 62 Stat.	2
28 U.S.C. 1294, Act of June 25, 1948, c. 646, 62 Stat.	2

	Pages
48 U.S.C. 1231, Philippines Independence Act of March 24, 1934, c. 84, 48 Stat. 456	2
48 U.S.C. 1238, Philippines Independence Act of March 24, 1934, c. 84, §8, 48 Stat. 462.....	2, 8
48 U.S.C. 1244, Philippines Independence Act of March 24, 1934, c. 84, §14, 48 Stat. 464.....	2

Textbooks

Hackworth, Green Haywood. Digest of International Law, Washington, U. S. Govt. Printing Office, 1940.....	3
--	---

Other References

23 Opinions of the Attorney General 370.....	5
VI Temple Law Quarterly 451, Herbert Hugh Naujoks, “Power of the National State in International Law to Determine the Nationality of an Individual”.....	5

No. 12,333

IN THE
United States Court of Appeals
For the Ninth Circuit

ARCADIO CABEBE,

Appellant,

vs.

DEAN ACHESON, Secretary of State of
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Appellee.

Upon Appeal from the District Court of the United States
for the Territory of Hawaii.

BRIEF FOR APPELLEE.

OPINION BELOW.

The opinion of the District Court (R. 13) is reported at 84 F. Supp. 639.

JURISDICTION.

The jurisdiction of the United States District Court for the District of Hawaii in this case was founded (R. 13) upon Section 503 of the Nationality Act of 1940, 54 Stat. 1171, 8 U.S.C. 903. The judg-

ment of that Court was entered June 23, 1949 (R. 17). An extension of time for appeal was obtained by the appellant on July 26, 1949 (R. 20) and notice of appeal was filed July 28, 1949 (R. 20). The jurisdiction of this Court is founded upon Sections 1291 and 1294 of Title 28 U.S.C.

STATEMENT.

This action was brought by the appellant under Section 503 of the Nationality Act of 1940, 8 U.S.C. 903, for a judgment declaring him to be a national of the United States and as such entitled to the rights and privileges of a national of the United States. The facts as they have been succinctly stated by the District Court (R. 13, 14) and stipulated by the parties (R. 35), are that the appellant was born in the Philippine Islands in 1910, came to the Territory of Hawaii in 1930, resided continuously in Hawaii ever since, is not a United States citizen, that Congress passed an act entitled "The Philippines Independence Act", March 24, 1934, Ch. 84, 48 Stat. 456, 48 U.S.C. 1231 et seq., and that pursuant to that Act the independence of the Philippines was proclaimed by the President on July 4, 1946, Proclamation No. 2695, 60 Stat. 1352.

The question raised by these facts is:

Did the appellant lose his status as a "national of the United States" within the meaning of Section 101(b) of the Nationality Act of 1940, 54 Stat. 1137,

8 U.S.C. 501(b), and become an alien when the independence of the Philippines was proclaimed by the President on July 4, 1946?

SUMMARY OF ARGUMENT.

The District Court through the Honorable J. Frank McLaughlin, correctly held (R. 15, 16) that as a matter of law the foundation for the appellant's United States nationality status vanished when the place of the appellant's birth became a new, independent and sovereign nation, namely, the Republic of the Philippines. This also was the conclusion, by way of *obiter dictum*, of the other division of the District Court, the Honorable Delbert E. Metzger presiding, in the *Application of Rabaul Vilorio*, reported at 84 F. Supp. 584, 586 (1949).

The Congress of the United States made any person who is a citizen of the United States or who, though not a citizen of the United States, owes permanent allegiance to the United States and who is not an alien, a "national of the United States." Nationality Act of 1940, Section 101(b), *supra*. G. H. Hackworth¹ in discussing the difference between nationality and citizenship quotes as follows from a decision of the Mixed Claims Commission:

"* * * 'National' and 'nationality' are broader and apter terms than their accepted synonyms

¹Hackworth, Green Haywood, Legal Adviser of the Department of State.

Digest of International Law, Vol. III, p. 5, Washington, 1942.

‘citizen’ and ‘citizenship.’ Nationality is the status of a person in relation to the tie binding such person to a particular sovereign nation. That status is fixed by the municipal law of that nation. Hence the existence or nonexistence of American nationality at a particular time must be determined by the law of the United States

* * * .”

Congress in setting the standards for United States nationality status could not bind successive Congresses which could either change those standards or change the status of a particular group of people so that they no longer qualified under those standards.

The act granting United States nationality status to all those not aliens and not citizens who owe permanent allegiance to the United States gave such persons no vested interest in that nationality status. This act is in the nature of a gratuity or privilege which can be withdrawn at any time. *In re Chae Chan Ping*, 130 U.S. 581, 609, 610 (1889). The granting of independence to the Philippines thereby making persons born in the Philippines who had not acquired citizenship from other nations citizens of the Republic of the Philippines, also referred to as the Commonwealth of the Philippines, did not divest such persons, who had until that time possessed United States nationality status, of a property right without due process of law. It is clear Congress intended that from the date the independence of the Philippines was proclaimed, all citizens of the Philippines should be regarded as aliens.

By the decision of the District Court, the appellant has sustained no substantial hardship. If he is qualified, he can seek full-fledged citizenship with all its perquisites through the medium of naturalization, and if he desires to travel, the necessary documents can be procured from the government of the Republic of the Philippines.

ARGUMENT.

I. IT IS FOR EACH STATE PRIMARILY TO DETERMINE WHAT PERSONS IT WILL TREAT AS NATIONALS THEREOF.

Otherwise expressed, the nationality status of any person is dependent upon the law of the nation whose nationality he claims.² Hackworth has ably pointed out the confusion between the terms "citizenship" and "nationality,"³ and it is apparent from the appellant's citation of cases that he considers citizenship and nationality vested and equal rights. Congress never intended to give to citizens of the Philippines the status of citizens of the United States. 23 *Op. Atty. Gen.* 370.

Rights created by statute may be modified or withdrawn, *Norris v. Crocker*, 54 U.S. 429, 439 (1851); *In re Chae Chan Ping*, 36 Fed. 431, 433 (1888) aff'd. 130 U.S. 581 (1889), and Congress in prescribing standards of eligibility for United States nationality could not bind successive Congresses, which had the

²Hackworth, Id., Vol. III, p. 5. VI Temple Law Quarterly, 451, 462.

³Hackworth, Id., Vol. III, pp. 1-3.

power at any time to change those standards, *Fletcher v. Peck*, 10 U.S. 87, 133 (1810); *Lynch v. U.S.*, 292 U.S. 571, 581 (1934). If by statute a right or privilege is granted subject to certain conditions, all those conditions must be met before the applicant can enjoy the benefits of the claimed right or privilege. *U.S. v. Maney*, 21 F. (2d) 28, 29 (1927) aff'd. 278 U.S. 17 (1928). The appellant as a citizen of the Republic of the Philippines and therefore an alien as far as the United States is concerned, fails to meet the requirements for United States nationality status.

II. UNDER THE LAW OF THE UNITED STATES, NON-CITIZEN PERSONS BORN IN THE PHILIPPINES ARE ALIENS.

In the United States, the common law rule of *jus soli*—citizenship follows birth—has been applied.⁴ The appellant therefore until July 4, 1946, when the independence of the Philippines was proclaimed by the President, was a citizen of the Philippines and a national of the United States. After the proclamation of independence, he became a citizen of a sovereign, independent state, and consequently, with relation to the United States, an alien, Act of February 5, 1917, Ch. 29, Sec. 1, 31; 39 Stat. 874, 897, as amended June 2, 1924, Ch. 233; 43 Stat. 253; 8 U.S.C. 173; *Low Wah Suey v. Backus*, 225 U.S. 460, 473 (1912).

The question of what changes are effected in the nationality of a person when the area in which he is

⁴Hackworth, Id., Vol. III, p. 8.

born and of which he is still a citizen changes hands either through conquest, by cession, or by the granting of independence to such area has been the subject of but little editorial comment and has been but infrequently reviewed by American courts. Herbert Hugh Naujoks in an article published in the Temple Law Quarterly stresses the factor of allegiance as does the Nationality Act of 1940 in the determination of a person's nationality:⁵

“478: Lord Coke described the tie of allegiance or nationality as *duplex et reciprocum ligamen*, involving the duty of obedience on the part of the subject and protection on the part of the state. (Calvin's Case, 1608, 7 Coke's Rep. 1, and 276) This tie has always been considered by the will of the sovereign. Hence allegiance may be dissolved by complete conquest, by cession or by secession recognized by the former sovereign. However, a distinction should be drawn between the annexation of territory upon the conclusion of a war either through the cessation of hostilities or by a treaty of peace. Where territory is occupied during a war a complete title is not acquired, since so long as hostilities continue, the conquered government does not relinquish its claim to the occupied territory. Where, however, territory has been ceded by a treaty of peace, the old government expressly, and where hostilities merely cease, the old government tacitly cedes such conquered territory to the new government.”

That it was the intention of the Congress to make aliens of all Filipinos who were not citizens of the

⁵VI Temple Law Quarterly 451, 478 (June 1932).

United States is clearly borne out by the provisions of the Philippine Independence Act of March 24, 1934, *supra*. In Section 8 of that Act, 48 U.S.C. 1238 (a)(1),⁶ it is provided that for the purpose of laws relating to "immigration, exclusion, or expulsion of aliens, citizens of the Philippine Islands who are not citizens of the United States shall be considered as if they were aliens." The use of the phrase "who are not citizens of the United States" reveals that Congress considered the United States nationality status of non-citizen Filipinos at an end, and the extension of the provision to cover "expulsion" shows that it was designed to apply to non-citizen Filipinos residing both within and without the United States. By Section 14 of the Philippine Independence Act of March 24, 1934, 48 U.S.C. 1244,⁷ all the immigration laws of the United States are made applicable to persons born in the Philippine Islands.

As indicated above the nationality status of non-citizen Filipinos residing in the United States which is raised directly in the instant case has been only a matter of indirect discussion in other cases. This Court in the case *Del Guercio v. Gabot*, 161 F. (2d) 559, 560 (1947) which involved the attempted deportation of a non-citizen Filipino, said:

"Philippinos, residing in the United States during the period from the cession of the Philippine Islands to the United States and the establishment of Philippine independence, were of an uncertain status. They were not citizens of the

⁶See Appendix.

⁷See Appendix.

United States, but because the United States exercised sovereignty over the Islands and their inhabitants, they are said to have been United States nationals and not aliens. The Independence Act (48 U.S.C.A. § 1231), although it became a law of the United States in March, 1934, was by its terms not to be effective until the Philippine people accepted it. Formal acceptance became effective May 14, 1935.”

In the *Application of Lorenzo Manantan*, Habeas Corpus No. 315 (1948), the United States District Court for the District of Hawaii in an unreported memorandum decision stated as follows:

“The deportation statute was only for the deportation under certain conditions of persons who entered the United States as aliens and who at the time of deportation continued to be aliens. This person entered the United States lawfully as a national of the United States and continued to be such on the date of the order of deportation. Indeed, he did not become an alien despite the acceptance in 1935 by the people of the Philippines by the act of Congress granting them independence until such a time as the Republic of the Philippines was established as an independent sovereignty in 1946. Until that time, despite the general provisions of the Independence Act that the Filipinos should be treated as if they were aliens, the petitioner in point of law remained a national of the United States for he had no means of divesting himself of American nationality and could not have become an alien and citizen of the Republic of the Philippines until such time as that Government came into being.”

In the Matter of the *Application of Rabaul Vilorio, supra*, Judge Delbert E. Metzger concluded, though it was not necessary for his decision in that case, that non-citizen Filipinos residing in the United States are aliens. While the case of *U. S. v. Gancy*, 54 F. Supp. 755 (1944), is limited to a determination of a non-citizen Filipino's status under Section 300, Title III of the Alien Registration Act of 1940, the Court did not find that such a Filipino was an alien and this before the Philippines had gained their independence. The Court also said at p. 759:

“Congress undoubtedly could alter the immigration and naturalization status of the Filipinos abroad and those residing here who have not become citizens.”

The cases cited by the appellant in which it was held that non-citizen Filipinos are not aliens are obviously not controlling as they all pre-date the independence of the Philippines.

III. UNDER THE LAW OF THE REPUBLIC OF THE PHILIPPINES, THE APPELLANT IS A CITIZEN THEREOF.

The Republic of the Philippines has also adopted the rule of *jus soli*. The Constitution of the Republic of the Philippines⁸ which was approved by the Presi-

⁸“CONSTITUTION OF THE PHILIPPINES (As amended by Resolution Numbered Thirty-nine adopted by the Second National Assembly on the fifteenth day of September, nineteen hundred and thirty-nine, and approved by the President of the United States on the tenth day of November, nineteen hundred and thirty-nine, and by Resolution Numbered Seventy-three adopted by the Second Na-

dent of the United States on December 2, 1940, provides in Article IV as follows:

“ARTICLE IV.—CITIZENSHIP

“SECTION 1. The following are citizens of the Philippines:

“(1) Those who are citizens of the Philippine Islands at the time of the adoption of this Constitution.

“(2) Those born in the Philippine Islands of foreign parents who, before the adoption of this Constitution, had been elected to public office in the Philippine Islands.

“(3) Those whose fathers are citizens of the Philippines.

“(4) Those whose mothers are citizens of the Philippines and, upon reaching the age of majority, elect Philippine citizenship.

“(5) Those who are naturalized in accordance with law.

“SEC. 2. Philippine citizenship may be lost or reacquired in the manner provided by law.”

tional Assembly on the eleventh day of April, nineteen hundred and forty, and approved by the President of the United States on the second day of December, nineteen hundred and forty.)”

IV. THE UNITED STATES BY ITS GRANT OF INDEPENDENCE
TO THE PHILIPPINES HAS DEPRIVED THE APPELLANT
OF NO VESTED PROPERTY RIGHT.

As discussed above, the granting of nationality status is the award of a privilege and all conditions must be met by the person claiming such privilege. The granting of independence to the Philippines which it is contended has changed appellant's status to that of an alien was not arbitrary or capricious but was an act Congress had contemplated a long time, Jones Act of August 29, 1916, c. 416, 39 Stat. 545, and was designed for the betterment of all Filipinos. This act by Congress has not subjected the appellant to banishment or exile, or any cruel and inhuman punishment. If qualified, he can still make proper application for citizenship through the medium of naturalization. If he desires to travel, the Republic of the Philippines is now an accredited nation and he can obtain the necessary travel documents from the government of the country to which his allegiance is due. It cannot be charged that appellant's freedom of speech as guaranteed under Article I of the Constitution of the United States has been abridged by his no longer having the right to say "I am an American.", for no man has a constitutional right to make an untrue statement. Nor was the granting of independence to the Philippines an *ex post facto* law, nor did it have the effect of such a law upon the appellant. *United States v. Lovett*, 328 U.S. 303, 324 (1945), *In re Chae Chan Ping*, 130 U.S. 581, 609 (1889).

CONCLUSION.

For the foregoing reasons it is urged that the judgment of the District Court should be affirmed.

Dated, Honolulu, T. H., this 1st day of March, 1950.

Respectfully submitted,

RAY J. O'BRIEN,

United States Attorney, District of Hawaii,

HOWARD K. HODDICK,

Assistant United States Attorney, District of Hawaii,

FRANK J. HENNESSY,

United States Attorney, San Francisco, California,

Attorneys for Appellee.

(Appendix Follows.)

Appendix.

Appendix

PHILIPPINE INDEPENDENCE ACT

MARCH 24, 1934

TITLE 48 U.S.C.

Section 1238. Same; immigration; continuation of privileges.

(a) Effective upon the acceptance of this section and sections 1231-1236, 1237, and 1239-1247 of this title by concurrent resolution of the Philippine Legislature or by a convention called for that purpose, as provided in section 1247 of this title—

(1) For the purposes of chapter 6 of Title 8 (except section 213 (c)), this section, and all other laws of the United States relating to the immigration, exclusion, or expulsion of aliens, citizens of the Philippine Islands who are not citizens of the United States shall be considered as if they were aliens. For such purposes the Philippine Islands shall be considered as a separate country and shall have for each fiscal year a quota of fifty. This paragraph shall not apply to a person coming or seeking to come to the Territory of Hawaii who does not apply for and secure an immigration or passport visa, but such immigration shall be determined by the Department of the Interior on the basis of the needs of industries in the Territory of Hawaii.

Section 1244. Immigration after independence.

Upon the final and complete withdrawal of American sovereignty over the Philippine Islands the immigration laws of the United States (including all the provisions thereof relating to persons ineligible to citizenship) shall apply to persons who were born in the Philippine Islands to the same extent as the case of other foreign countries. (Jan. 17, 1933, ch. 11, §14, 47 Stat. 769; Mar. 24, 1934, ch. 84, §14, 48 Stat. 464).

No. 12334

United States
Court of Appeals
For the Ninth Circuit.

OSCAR A. MIRANDA, also known as Oscar
Miranda Arteche,

Appellant,

vs.

TOM C. CLARK, Attorney General of the United
States, UGO CARUSI, United States Com-
missioner of Immigration, and WILLIAM I.
CRANE, Officer in charge of Port of San Luis,
Arizona,

Appellee.

Transcript of Record

Appeal from the United States District Court
for the District of Arizona.

NOV 25 1949

PAUL P. O'BRIEN,

No. 12334

United States
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OSCAR A. MIRANDA, also known as Oscar
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vs.

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INDEX

[Clerk's Note: When deemed likely to be of an important nature, errors or doubtful matters appearing in the original certified record are printed literally in *italic*; and, likewise, cancelled matter appearing in the original certified record is printed and cancelled herein accordingly. When possible, an omission from the text is indicated by printing in *italic* the two words between which the omission seems to occur.]

	PAGE
Agreed Statement of Facts.....	12
Attorneys of Record.....	1
Clerk's Certificate to Record on Appeal.....	22
Findings of Facts and Conclusions of Law....	16
Conclusions of Law.....	17
Findings of Facts.....	16
Judgment and Decree.....	19
Memorandum of Points and Authorities in Support of Plaintiff's Suit for Declaratory Judgment and Petition for Restraining Order....	8
Notice of Appeal to Circuit Court.....	20
Proposed Amendment to Conclusions of Law..	18
Statement of Points.....	22
Stipulation as to Record.....	21
Suit for Declaratory Judgment.....	2, 14
Supplemental Memorandum of Points and Authorities in Support of the Plaintiff's Suit for Declaratory Judgment.....	11
Temporary Restraining Order and Order Setting Down Application for Preliminary Injunction for Hearing.....	10



ATTORNEYS OF RECORD

MESSRS. ROSENBERG &
LA VETTER

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Tucson, Arizona.

Attorneys for Appellant.

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United States Attorney.
Federal Building,
Tucson, Arizona.

DON HUMMEL,
Assistant United States Attorney.
Federal Building,
Tucson, Arizona.

Attorneys for Appellee.

In the United States District Court for the
District of Arizona
Civil 391—Tucson

OSCAR A. MIRANDA, also known as OSCAR
MIRANDA ARTECHE,

Plaintiff,

vs.

TOM C. CLARK, Attorney General of the United
States, UGO CARUSI, United States Commis-
sioner of Immigration, and WILLIAM I.
CRANE, Officer in Charge of Port of San
Luis, Arizona,

Defendants.

SUIT FOR DECLARATORY JUDGMENT

Comes now the plaintiff above named and for his
cause of action alleges:

I.

That he was born December 11, 1925, of Mexican
parents, in the City of Los Angeles, State of Cali-
fornia, United States of America, and that a certi-
fied copy of his birth certificate is attached hereto,
and is, by reference, incorporated herein.

II.

That about five years after his birth aforesaid,
his parents removed him from the United States
to Mexico, where he has resided ever since.

III.

That on or about the 25th day of September, 1946, plaintiff attempted to enter the United States at the Port of San Luis, Arizona, as an American citizen, but he was prevented from so doing by the United States Immigration authorities at said port, although plaintiff repeatedly insisted that he was an American citizen, basing his claim to United States Citizenship, and hence admission to this country, upon his birth in Los Angeles, California, United States of America, and upon the further fact of his right of election to retain his American citizenship, acquired at birth, upon attaining the age of majority.

IV.

That on October 7th, 1946, he was accorded a hearing by a Board of Special Inquiry at the Port of Calaxico, California, and the same day the said Board, disregarding the evidence presented by plaintiff relative to his American birth, announced its decision that plaintiff was not an American citizen, and denied him the right to enter into the United States of America.

V.

That plaintiff has not had a fair hearing on the question of his right to enter the United States as an American citizen by the Board of Special Inquiry for the reason that the said Board excluded him under an erroneous view of the law.

VI.

That plaintiff was at all the aforementioned times, and now is, in all respects admissible under the 14th Amendment to the Constitution of the United States, the immigration laws and the rules promulgated thereunder as a native-born American citizen.

VII.

That on the 29th day of October, 1946, plaintiff was issued a temporary parole, beginning on the 29th day of October, 1946, and to end on the 5th day of November, 1946, permitting him admittance into the United States at the port of San Luis, Arizona, for appearance in the United States District Court at Tucson, Arizona. That said parole was granted upon the condition that he depart from the United States on or before the 5th day of November, 1946. That plaintiff has been threatened with arrest and deportation if he does not voluntarily depart from the United States on or before the expiration of the parole period aforesaid.

VIII.

That plaintiff has never committed any act or executed any instrument of expatriation from the United States or renunciation of his citizenship thereof.

Wherefore, plaintiff prays this honorable Court:

1. To enter a Declaratory Judgment declaring and adjudging that he is a native born citizen of the United States and has never committed any act or executed any instrument of expatriation from

the United States or renunciation of his citizenship thereof.

2. That the defendants be enjoined and restrained from carrying out the threat to arrest and deport plaintiff from the United States.

3. That the plaintiff have such other relief by declaration or otherwise, as to the court may seem meet and proper.

ROSENBERG and
LA VETTER,
/s/ TOBY LA VETTER,
/s/ MARY STELLA ROSENBERG,
Attorneys for Plaintiff.

State of Arizona,
County of Pima—ss.

Oscar A. Miranda, also known as Oscar Miranda Arteché, being duly sworn, says that he is the plaintiff in the above-entitled action, that he has read the foregoing complaint and knows the contents thereof, and that the same is true of his own knowledge, except as to the matters which are therein stated on information and belief, and as to those matters he believes it to be true.

/s/ OSCAR A. MIRANDA,
also known as
/s/ OSCAR MIRANDA ARTECHE.

Subscribed and Sworn to before me this 4th day of November, 1946.

[Seal] /s/ C. T. REDDINGTON,
Notary Public.

My commission expires March 16th, 1949.

Oscar A. Miranda, etc.

Department of Health
City of Los Angeles
Division of Vital Statistics
Certified Copy Of Local Record

This is to Certify that the attached is a full, true and correct copy of the certificate of birth of Oscar Miranda which is on file in this office, and of which I am the legal custodian.

In Testimony Whereof witness my hand and seal of office, at Los Angeles, California, this 26 day of Aug., 1946.

/s/ [Illegible.]

Registrar of Vital Statistics

By /s/ LaRUE ROBINSON

Deputy Registrar

No. 388102

Fee \$1.00 Paid

1

[Seal]

California State Board of Health

Bureau of Vital Statistics

Standard Certificate of Birth

Local Registered No. 18094

County of L. A.

City of " "

No. 1955 Marengo.

Full Name of Child Oscar Miranda.

Personal and Statistical Particulars

Sex of Child Male.

Father

Full Name Manuel Miranda.

Residence 1955 Marengo Ave.

Color or Race Mexican.

Age at Last Birthday 24 Years.

Birthplace Mexico.

Occupation truck driver.

Date of Birth Dec. 11, 1925.

Mother

Full Maiden Name Concha Artechí.

Residence 1955 Marengo Ave., Los Angeles, Cal.

Age at Last Birthday 29 Years.

Color or Race Mexican.

Birthplace Mexico.

Occupation housewife.

Number of children born to this mother, including present birth second.

Number of children of this mother now living two.

Was a prophylactic for Ophthalmia Neonatorum used? Yes 1%.

If so, what? Of silver nitrate.

Certificate of Attending Physician or Midwife

I hereby certify that I attended the birth of this child, who was alive at 7 p.m. on the date above stated.

/s/ MRS. A. E. MICHOLSKY.

Dated Dec. 12, 1925.

Address [Illegible.]

Filed Dec. 14, '25.

[Title of District Court and Cause.]

MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF PLAINTIFF'S SUIT FOR DECLARATORY JUDGMENT AND PETITION FOR RESTRAINING ORDER

All persons born or naturalized in the United States and subject to the jurisdiction thereof are citizens of the United States and of the states wherein they reside.

14th Amendment to the Constitution of the United States.

The case of *United States v. Wong Kim Ark*, 18 S. Ct. 458, in construing the meaning of the 14th Amendment, stated: "The fourteenth amendment is the constitution, which declares that 'all persons born or naturalized in the United States and subject to the jurisdiction thereof are citizens of the United States and of the states wherein they reside.' is affirmative and declaratory, and intended to allay doubts and settle controversies, and is not intended to impose any new restrictions upon citizenship."

United States v. Wong Kim Ark, 18 S. Ct. 456. 169 U. S. 649.

"Native-born citizen, who has not attained age of 21 years, cannot renounce allegiance to United States."

United States ex rel. Baglivo v. Day, 28 F.
(2d) 44.

“Where a native citizen who is removed to his parents’ country of origin during minority returns to the United States on his majority and elects to remain and to maintain his American citizenship, there is no basis for invoking the doctrine of ‘expatriation,’ which is the voluntary renunciation or abandonment of nationality and allegiance.”

Perkins v. Elg, 59 S. Ct. 884 307 U. S. 325.

“A natural born citizen of the United States who had been threatened with deportation as alien was entitled to declaratory judgment declaring her political status as citizen, since case admitted of immediate and definitive determination of legal rights of parties in adversary proceeding on facts alleged.”

Perkins v. Elg, 99 F. (2d) 408.

“If a child born in the United States is taken, during minority, to the country of its parents’ origin where its parents resume their former allegiance, the child does not thereby lose his citizenship in United States, provided that on attaining majority he elects to retain that citizenship and to return to United States to resume his duties, there being no basis in such situation, by virtue of either treaty or statute, for invoking the doctrine of ‘expatriation.’ ”

Haaland v. Attorney General of the United States, 42 F. S. 13.

[Endorsed]: Filed Nov. 4, 1946.

[Title of District Court and Cause.]

TEMPORARY RESTRAINING ORDER AND
ORDER SETTING DOWN APPLICATION
FOR PRELIMINARY INJUNCTION FOR
HEARING

It appearing from the verified complaint herein that immediate and irreparable injury, loss, and damage will result to plaintiff before notice can be served and a hearing had on the application for a temporary restraining order contained in said complaint if defendants carry out the threat to arrest and deport plaintiff; and it appearing that the said defendants are about to arrest and deport plaintiff and will do so unless restrained; and if such acts are committed by defendants, plaintiff will be restrained of his liberties as an American citizen, and in such case any order or judgment which this Court may later issue on plaintiff's application for a preliminary injunction or for a permanent injunction will be ineffective, it is

Ordered, that defendants, Tom C. Clark, Attorney General of the United States; Ugo Carusi, United States Commissioner of Immigration, and William I. Crane, Officer in Charge of Port of San Luis, Arizona, and all persons in active concert or participation with them, are hereby restrained from arresting or deporting Oscar A. Miranda, also known as Oscar Miranda Arteche, and it is further

Ordered, that this temporary restraining order remain in effect until and including the 13th day of

Nov., 1946, or until further order of this Court and the application for preliminary injunction contained in the complaint herein is set down for a hearing at 10:00 a.m. of the 13th day of Nov., 1946, or as soon thereafter as counsel can be heard.

Dated the 4th day of November, 1946.

/s/ HOWARD C. SPEAKMAN,
U. S. District Judge.

[Endorsed]: Filed Nov. 4, 1946.

[Title of District Court and Cause.]

S U P P L E M E N T A L M E M O R A N D U M O F
P O I N T S A N D A U T H O R I T I E S I N S U P -
P O R T O F T H E P L A I N T I F F ' S S U I T F O R
D E C L A R A T O R Y J U D G M E N T

Comes now the plaintiff in the above-entitled action, and files this his supplemental memorandum of points and authorities in support of the plaintiff's suit for declaratory judgment.

The act of voting in a foreign country does not amount to expatriation as a matter of law.

Attorney General of United States v. Ricketts, 165 F (2) 193.

ROSENBERG & LA VETTER,
By /s/ MARY STELLA ROSENBERG,
Attorneys for Plaintiff.

Receipt of copy acknowledged.

[Endorsed]: Filed Mar. 8, 1949.

[Title of District Court and Cause.]

AGREED STATEMENT OF FACTS

It is hereby agreed by and between the above-named plaintiff and the defendants, and each and all of them, that the facts in the above-entitled cause are as follows, and that the said Court may enter judgment accordingly, the same as if such facts had appeared from the preponderance of the testimony, duly and properly given in said Court upon the trial of this cause, and that such judgment may be made and entered, without reference to formality as to the time of setting said cause, such facts so agreed upon being these, to-wit:

Plaintiff, Oscar A. Miranda, also known as Oscar Miranda Arteche, was born December 11, 1925, in the City of Los Angeles, and State of California, of Mexican parents, who took him to Mexico in 1930. He has resided in San Luis, Sonora, Mexico. On August 9, 1946, he registered under the Selective Service and Training Act of 1940, in Tucson, Arizona, and was classified as 1-A and granted permission to visit his parents in San Luis, Sonora, Mexico, from September 20, to September 25, 1946. On the 25th day of September, 1946, he attempted to reenter the United States at the Port of San Luis, Arizona, as an American citizen, but he was prevented from so doing by the United States Immigration authorities at said port, and he was held for a Board of Special Inquiry which, after hearings conducted on September 26, 1946, October 7,

1946, July 10, 1947, December 4, 1947, and January 7, 1948, ordered him excluded on the ground that he had expatriated himself under the provisions of Section 401(e) of the Nationality Act of 1940, by having voted in a contested political election (local primary election for city mayor) in Mexico on April 28, 1946, at San Luis, Sonora, Mexico. He was then 20 years old. The decision of the award was affirmed by the Commissioner of Immigration and Naturalization upon further review, by the Board of Immigration Appeals. On November 4th, 1946, before he had attained his majority, he filed this Suit for Declaratory Judgment (8 U.S.C.A. 903) to determine his citizenship. The hearing of this Suit for Declaratory Judgment was continued at the request of K. Berry Peterson, Assistant United States Attorney, Tucson, Arizona, to await the administrative decision.

Dated this 8th day of March, 1949.

ROSENBERG & LA VETTER,
By /s/ MARY STELLA ROSENBERG,
Attorneys for Plaintiff.

/s/ F. E. FLYNN,
Attorneys for Defendants.

[Endorsed]: Filed Mar. 8, 1949.

[Title of District Court and Cause.]

SUIT FOR DECLARATORY JUDGMENT

Memorandum

This case has been submitted upon an agreed Statement of Facts. Plaintiff avers in his complaint that he was born on December 11, 1925, of Mexican parents in the City of Los Angeles, State of California, United States of America; that about five years after his birth his parents removed him from the United States to Mexico where he resided ever since; that on the 25th day of September, 1946, he attempted to enter the United States at the Port of San Luis, Arizona, as an American citizen but was prevented from so doing by the United States Immigration Authorities at said Port; that he was granted a hearing by a Board of Special Inquiry at the Port of Calaxico, California, but that said Board denied him the right to enter; that afterwards he was issued a temporary parole and is now in the United States under the terms of said parole but he has been threatened with arrest and deportation if he does not depart from this country.

The prayer of the petition is that a declaratory judgment be entered adjudging him to be a citizen of the United States and that defendants be enjoined and restrained from carrying out the threat to arrest and deport plaintiff from the United States.

In the Agreed Statement of Facts it is stated that defendant was born in the United States as

alleged in the complaint and was taken by his parents to Mexico in 1930; that he has resided in San Luis, Sonora, Mexico ever since and that on August 9, 1946, he registered under the Selective Service and Training Act of 1940 in Tucson, Arizona, and was classified as 1-A and was granted permission to visit his parents in San Luis, Mexico, but his attempt to reenter was stopped by the authorities as alleged in the complaint,

It is further agreed by the parties that he voted in a contested political election in Mexico at San Luis on April 29, 1946.

It is provided by Section 401-E of the Nationality Act of 1940 (U. S. Code, Title 8, Section 801) that a person who is a national of the United States whether by birth or naturalization shall lose his citizenship by voting in a political election in a foreign state. It is agreed here that plaintiff did vote in an election in Mexico. By so doing he forfeited his citizenship, he is no longer a citizen of the United States and is not entitled to enter this country.

Judgment must go against him. A proper order may be prepared and submitted to the Court.

/s/ HOLLY,
Judge.

[Endorsed]: Filed May 13, 1949.

[Title of District Court and Cause.]

FINDINGS OF FACTS AND
CONCLUSIONS OF LAW

This cause coming on regularly to be heard before the Court this 10th day of June, 1949, upon the Complaint filed herein and the Agreed Statement of Facts, the plaintiff appearing by his attorneys Rosenberg and La Vetter, and the defendants appearing by Frank E. Flynn, United States Attorney for the District of Arizona, and K. Berry Peterson, Assistant U. S. Attorney, the Court on due consideration finds:

Findings of Facts

1. That the plaintiff was born on December 11, 1925 of Mexican parents in the City of Los Angeles, State of California, United States of America.

2. That five years after his birth his parents removed from the United States of America to Mexico, where the plaintiff has resided ever since.

3. That on August 9, 1946, plaintiff registered under the Selective Training and Service Act of 1940, in Tucson, Arizona, U.S.A. and was classified as 1-A and granted permission to visit his parents in San Luis, Mexico.

4. That on the 25th day of September, 1946, the plaintiff attempted to enter the United States of America at the Port of San Luis as an American citizen but was prevented from doing so by the United States Immigration authorities.

5. That plaintiff voted in a contested political election in Mexico, at San Luis, on April 29, 1946, at the age of 20 years.

Conclusions of Law

1. That a person who is a national of the United States, whether by birth or naturalization, loses his citizenship by voting in a contested political election in a foreign state.

2. That plaintiff Oscar A. Miranda, also known as Oscar Miranda Arteche, forfeited his citizenship and is not entitled to enter the United States of America.

Done in open Court this 10th day of June, 1949.

/s/ HOLLY,

U. S. District Judge.

Approved as to form:

/s/ TOBY LA VETTER,

Attorneys for Plaintiff.

F. E. FLYNN,

U. S. Attorney.

/s/ DON HUMMEL,

Assistant U. S. Attorney.

[Endorsed]: Filed June 13, 1949.

[Title of District Court and Cause.]

PROPOSED AMENDMENT TO CONCLUSIONS
OF LAW

In the above entitled cause the plaintiff, Oscar A. Miranda, also known as Oscar Miranda Arteche, through his attorneys Rosenberg & La Vetter, proposes an amendment to the conclusions of law as submitted by defendants as follows:

Conclusions of Law

1. That a person born in the United States and taken during his minority to the country of his parents' origin and who became subject to a dual nationality, does not lose his citizenship in the United States by voting in a contested local political election during his minority, if on attaining majority he elects to retain his American citizenship.

2. That plaintiff Oscar A. Miranda, also known as Oscar Miranda Arteche, did not forfeit his citizenship and is entitled to enter the United States of America as an American citizen.

Dated: June 1, 1949.

ROSENBERG & LA VETTER,

By /s/ MARY STELLA ROSENBERG,
Attorneys for Plaintiff.

Receipt of copy acknowledged.

[Endorsed]: Filed June 13, 1949.

In the United States District Court for the District
of Arizona
No. Civil-391-Tucson

OSCAR A. MIRANDA, also known as Oscar Mi-
randa Arteche,

Plaintiff,

vs.

TOM C. CLARK, Attorney General of the United
States, UGO CARUSI, United States Commis-
sioner of Immigration, and WILLIAM I.
CRANE, Officer in Charge of Port of San Luis,
Arizona,

Defendants.

JUDGMENT AND DECREE

This matter coming on for hearing on the 10th
day of June, 1949, upon an Agreed Statement of
Facts, and the Court having heretofore entered and
filed its Findings of Facts and Conclusions of Law,

Now, Therefore, by virtue of the law and by
reason of the premises, it is by the Court

Ordered, Adjudged and Decreed:

1. That the restraining order heretofore issued
herein as extended restraining the arrest and depor-
tation of plaintiff herein is hereby revoked;

2. That Oscar A. Miranda, also known as Oscar
Miranda Arteche, is by reason of forfeiture no

longer a citizen of the United States and is not entitled to remain in the United States.

Done in open Court this day of, 1949.

/s/ HOLLY,

U. S. District Judge.

Approved as to form:

/s/ TOBY LA VETTER,

Attorneys for Plaintiff.

F. E. FLYNN,

U. S. Attorney.

/s/ DON HUMMEL,

Assistant U. S. Attorney.

Attorney for Defendants.

[Endorsed]: Filed June 22, 1949.

[Title of District Court and Cause.]

NOTICE OF APPEAL TO CIRCUIT COURT

Notice is hereby given that Oscar A. Miranda, also known as Oscar Miranda Arteche, plaintiff above named, hereby appeal to the Circuit Court of Appeals for the Ninth Circuit from the final judgment and decree entered in this action on the 22nd day of June, 1949.

Dated Aug. 1st, 1949.

ROSENBERG AND

LA VETTER,

By /s/ TOBY LA VETTER.

Receipt of copy acknowledged.

[Endorsed]: Filed Aug. 1, 1949.

[Title of District Court and Cause.]

STIPULATION AS TO RECORD

It is hereby stipulated that the record and proceedings to be included in the record of appeal to the United States Circuit Court of Appeals for the Ninth Circuit from the judgment of the United States District Court of Arizona, in the above entitled matter are as follows:

- (a) Suit for Declaratory Judgment.
- (b) Temporary Restraining Order, etc.
- (c) Supplemental Memorandum of Points, etc.
- (d) Agreed Statement of Facts.
- (e) Memorandum of Judge Holly.
- (f) Findings of Facts and Conclusions of Law.
- (g) Proposed Amendment to Conclusions of Law.
- (i) Judgment and Decree.
- (j) Notice of Appeal.
- (k) Appellant's Statement of Points.
- (l) This Stipulation.

ROSENBERG AND

LA VETTER,

By /s/ TOBY LA VETTER,

Attorneys for Plaintiff.

/s/ K. BERRY PETERSON,

Attorneys for Defendants.

[Endorsed]: Filed Aug. 5, 1949.

[Title of District Court and Cause.]

STATEMENT OF POINTS

The points upon which the appellant intends to rely on this appeal are as follows:

1. The District Court erred in finding that the plaintiff forfeited his United States citizenship.

Respectfully submitted,

ROSENBERG AND
LA VETTER,

By /s/ TOBY LA VETTER,
Attorneys for Plaintiff.

Copy received.

[Endorsed]: Filed Aug. 5, 1949.

[Title of District Court and Cause.]

CLERK'S CERTIFICATE TO RECORD
ON APPEAL

United States of America,
District of Arizona—ss:

I, William H. Loveless, Clerk of the United States District Court for the District of Arizona, do hereby certify that I am the custodian of the records, papers and files of the said Court, includ-

ing the records, papers and files in the case of Oscar A. Miranda, also known as Oscar Miranda Arteche, Plaintiff, versus Tom C. Clark, Attorney General of the United States, Ugo Carusi, United States Commissioner of Immigration, and William I. Crane, Officer in Charge of Port of San Luis, Arizona, Defendants, numbered Civ-391 Tucson, on the docket of said Court.

I further certify that the attached and foregoing original documents bearing the endorsements of filing thereon are the original documents filed in said case and designated in the Stipulation as To Record filed therein and made a part of the record attached hereto, and the same are as follows, to-wit:

(a) Suit for Declaratory Judgment.

(b) Temporary Restraining Order and Order Setting Down Application for Preliminary Injunction for Hearing.

(c) Supplemental Memorandum of Points and Authorities in Support of the Plaintiff's Suit for Declaratory Judgment.

(d) Agreed Statement of Facts.

(e) Memorandum of Judge Holly.

(f) Findings of Facts and Conclusions of Law.

(g) Proposed Amendment to Conclusions of Law.

(h) Judgment and Decree.

- (i) Notice of Appeal.
- (j) Appellant's Statement of Points.
- (k) Stipulation as to Record.

Witness my hand and the seal of said Court at Tucson, Arizona, this 19th day of August, 1949.

WM. H. LOVELESS,
Clerk.

[Seal] /s/ CATHERINE A. DOUGHERTY,
Chief Deputy.

[Endorsed]: No. 12334. United States Court of Appeals for the Ninth Circuit. Oscar A. Miranda, also known as Oscar Miranda Arteche, Appellant, vs. Tom C. Clark, Attorney General of the United States, Ugo Carusi, United States Commissioner of Immigration, and William I. Crane, Officer in charge of Port of San Luis, Arizona, Appellee. Transcript of Record. Appeal from the United States District Court for the District of Arizona.

Filed August 22, 1949.

/s/ PAUL P. O'BRIEN,

Clerk of the United States Court of Appeals for the Ninth Circuit.

No. 12334

**United States
Court of Appeals**
for the Ninth Circuit.

OSCAR A. MIRANDA, also known as Oscar
Miranda Arteche,

Appellant,

vs.

TOM C. CLARK, Attorney General of the United
States, **UGO CARUSI**, United States Com-
missioner of Immigration, and **WILLIAM I.
CRANE**, Officer in charge of Port of San Luis,
Arizona,

Appellees.

**Upon Appeal from the United States District Court
for the District of Arizona.**

Brief for the Appellant

ROSENBERG & LA VETTER
Attorneys for Appellant.

ACME-TUCSON

FILED

NOV 28 1949

PAUL P. O'BRIEN,

No. 12334

**United States
Court of Appeals
for the Ninth Circuit.**

OSCAR A. MIRANDA, also known as Oscar
Miranda Arteche,

Appellant,

vs.

TOM C. CLARK, Attorney General of the United
States, **UGO CARUSI**, United States Com-
missioner of Immigration, and **WILLIAM I.
CRANE**, Officer in charge of Port of San Luis,
Arizona,

Appellees.

**Upon Appeal from the United States District Court
for the District of Arizona.**

Brief for the Appellant

INDEX

	PAGE
Title of Case	1
Jurisdiction	2-3
Question Presented	3
Provisions of Constitution and Statutes Involved	3-4
Statement	4-5
Statement of Points to be Urged	5
Argument	5-7
Conclusion	7-8

CITATIONS

CASES:

	PAGE
Attorney General of the United States v. Ricketts, 165 F (2) 193	6
Perkins v. Elg, 301 U. S. 325	7
United States ex rel. Baglivo v. Day.....	7

PROVISIONS OF CONSTITUTION:

Article XIV of the Amendments to the United States Constitution, Section 1	3
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STATUTES:

Title 8 U.S.C.A., Sec. 903, Section 503 of Nationality Act of 1940	2, 5
Title 8 U.S.C.A., Sec. 801 (e), Section 401 of Nationality Act of 1940, 54 Stat. 1168	3, 4
Title 28 U.S.C.A., Sec. 2107	3
Title 28 U.S.C.A., Sect. 1291	3

JURISDICTION

This appeal involves a suit instituted against Tom C. Clark, Attorney General of the United States, Ugo Carusi, United States Commissioner of Immigration, and William I. Crane, Officer in Charge of Port of San Luis, Arizona, to obtain a declaratory judgment that the petitioner, Oscar A. Miranda, also known as Oscar Miranda Arteché, is a citizen of the United States brought pursuant to the provisions of Section 503 of the Nationality Act of 1940, 8 U.S.C.A. Sec. 903, and for an injunction restraining said defendants from arresting and deporting petitioner. (Plaintiff's Suit for Declaratory Judgment, T.R. 2).

The case was submitted upon an agreed statement of facts (T.R. 12), such facts so agreed upon being these, to-wit: Appellant was born in Los Angeles, California, on December 11, 1925. When he was five years old his parents took him to Mexico where he has continued to reside with them. He registered with the draft board in Tucson, Arizona, was classified 1-A, called for induction, and given permission to visit his parents in Mexico before induction. On the permission given him, he went to visit his parents, and on his return to the United States on the 25th day of September, 1946, he was prevented from entering the United States by the immigration authorities at San Luis, Arizona. He was held for a Board of Special inquiry, which after hearings ordered him

excluded on the ground that he had expatriated himself under the provisions of Section 401 (e) of the Nationality Act of 1940, by having voted in a primary election in a contest for City Mayor at San Luis, Sonora, Mexico. It was further agreed that the appellant was a minor at that time, being 20 years of age.

The Court found and concluded (T.R. 16) that the appellant had expatriated himself, and entered judgment (T.R. 19) revoking the restraining order issued theretofore.

Notice of appeal was timely filed August 1, 1949, pursuant to the provisions of Section 2107, Title 28 U.S.C.A. (T.R. 20). This Court has jurisdiction by virtue of the provisions of Section 1291, Title 28 U.S.C.A.

QUESTION PRESENTED

Whether plaintiff, who was born in the United States and taken during his minority to the country of his parents' origin and who became subject to a dual nationality, can expatriate himself by voting in a primary local election during his minority.

PROVISIONS OF CONSTITUTION AND STATUTES INVOLVED

Article XIV of the Amendments to the United States Constitution, Section 1, provides:

All persons born or naturalized in the United States, and subject to the jurisdiction thereof, are citizens of the United States and of the State wherein they reside.

Section 401 of the Nationality Act of 1940, 54 Stat. 1168, 8 U.S.C.A. Sec. 801, contains the following provision: "A person who is a national of the United States, whether by birth or naturalization, shall lose his nationality by: * * * (e) Voting in a political election in a foreign state or participating in an election or plebiscite to determine the sovereignty over foreign territory".

STATEMENT

We believe that the statement in this brief under "JURISDICTION" contains a statement of all facts necessary for a determination of this appeal. We will, however briefly summarize them.

Appellant was born on December 11, 1925, of Mexican parents in the City of Los Angeles, State of California, United States of America. When he was five years old, his parents took him to Mexico where he has continued to reside. On August 9, 1946, appellant registered under the Selective Training and Service Act of 1940, in Tucson, Arizona, U.S.A., and was classified as 1-A, and granted permission to visit his parents in San Luis, Mexico. On the 25th day of September, 1946, appellant attempted to enter the

United States of America at the Port of San Luis as an American citizen, but was prevented from so doing by the United States Immigration authorities, who contended that because appellant voted in a primary election in a contest for City Mayor at San Luis, Sonora, Mexico, at the age of 20 years, he had expatriated himself.

On November 4th, 1946, before appellant had attained his majority, he filed this Suit for Declaratory Judgment to determine his citizenship, pursuant to Section 903 of Title 8, U.S.C.A.; Section 503 of Nationality Act of 1940, (T.R. 2).

The case was submitted upon an agreed statement of facts, and Judgment was entered on June 22, 1949, that appellant had expatriated himself, (T.R. 19).

STATEMENT OF POINTS TO BE URGED

The appellant relies upon the following error as a basis for this appeal (T.R. 22):

1. The District Court erred in finding that the plaintiff forfeited his United States citizenship.

ARGUMENT

It is appellant's contention that a person born in the United States and taken during his minority to the country of his parents' origin and who became

subject to a dual nationality, does not lose his citizenship in the United States by voting in a contested local political election during his minority, if on attaining majority, he elects to return to the United States, assume his obligations, and retain his American citizenship.

The Circuit Court of Appeals, Ninth Circuit, has quite recently decided a case presenting a fact situation somewhat similar to the facts herein presented in the instant case.

Attorney General of the United States v.
Ricketts, 165 F (2) 193.

In the above case, the person claiming American citizenship, had held public office in Canada during his minority, and he had upon reaching majority, voted at a provincial election in Alberta and had several times voted in that province at school and municipal elections.

As to the holding of public office during his minority, the Attorney General conceded that the mere holding of public office during minority was not an act of expatriation, since an infant is incapable of a binding choice.

With respect to the act of voting after reaching majority, it was said, “ * * * it is not contended that the act of voting amounts to expatriation as a matter

of law, but that it is strong evidence of an election to expatriate."

In the instant case, appellant was a minor at the time he voted at a primary election in a contest for City Mayor at San Luis, Sonora, Mexico, and we contend that he could not at that time merely by voting expatriate himself since he could not make a binding choice during minority. He had until he reached his majority in which to elect whether he desired to retain his American citizenship.

Perkins v. Elg, 307 U.S. 325, 59 S. Ct. 884,
83 L. Ed. 1320

United States ex rel. Baglivo v. Day, 28 F
(2) 44

CONCLUSION

We respectfully submit that:

1. A person born in the United States and taken during his minority to the country of his parents' origin and who became subject to a dual nationality, does not lose his citizenship in the United States by voting in a contested local political election during his minority, if on attaining majority he elects to return to the United States, assume his obligations and retain his American citizenship.

2. That appellant, Oscar A. Miranda, also known as Oscar Miranda Arteche, did not forfeit his citizen-

subject to a dual nationality, does not lose his citizenship in the United States by voting in a contested local political election during his minority, if on attaining majority, he elects to return to the United States, assume his obligations, and retain his American citizenship.

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With respect to the act of voting after reaching majority, it was said, “ * * * it is not contended that the act of voting amounts to expatriation as a matter

of law, but that it is strong evidence of an election to expatriate.”

In the instant case, appellant was a minor at the time he voted at a primary election in a contest for City Mayor at San Luis, Sonora, Mexico, and we contend that he could not at that time merely by voting expatriate himself since he could not make a binding choice during minority. He had until he reached his majority in which to elect whether he desired to retain his American citizenship.

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CONCLUSION

We respectfully submit that:

1. A person born in the United States and taken during his minority to the country of his parents' origin and who became subject to a dual nationality, does not lose his citizenship in the United States by voting in a contested local political election during his minority, if on attaining majority he elects to return to the United States, assume his obligations and retain his American citizenship.

2. That appellant, Oscar A. Miranda, also known as Oscar Miranda Arteché, did not forfeit his citizen-

ship and is entitled to enter the United States as an American citizen, and judgment of District Court should be reversed.

Dated: November — 1949.

Respectfully submitted,

ROSENBERG & LA VETTER

By *Mary Stella Rosen*
Attorneys for Appellant.

IN THE
United States
Court of Appeals
For the Ninth Circuit

OSCAR A. MIRANDA, also
known as Oscar Miranda Arteche,
Appellant,

vs.

TOM C. CLARK, Attorney Gen-
eral of the United States, UGO
CARUSI, United States Com-
missioner of Immigration, and
WILLIAM I. CRANE, Officer
in charge of Port of San Luis,
Arizona,

Appellees.

Upon Appeal from the United States District Court for
the District of Arizona.

BRIEF FOR APPELLEES

FRANK E. FLYNN,
*United States Attorney for the
District of Arizona.*

DON HUMMEL,
Assistant U. S. Attorney

IN THE
United States
Court of Appeals
For the Ninth Circuit

OSCAR A. MIRANDA, also
known as Oscar Miranda Arteche,
Appellant,

vs.

TOM C. CLARK, Attorney General of the United States, UGO CARUSI, United States Commissioner of Immigration, and WILLIAM I. CRANE, Officer in charge of Port of San Luis, Arizona,

Appellees.

Upon Appeal from the United States District Court for
the District of Arizona.

BRIEF FOR APPELLEES

FRANK E. FLYNN,
*United States Attorney for the
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DON HUMMEL,
Assistant U. S. Attorney

INDEX

	Page
Statement of Case	1
Question Presented	2
Statutes Involved	2
Argument	3
Summary	4

CITATIONS

CASES:

	Page
Attorney General of the United States v. Ricketts, 165 F. (2d) 193	3
Perkins v. Elg, 307 U. S. 325	3

STATUTES:

Title 8, U.S.C.A. Section 801 (a)	3, 4
Title 8, U.S.C.A. Section 801 (e)	2, 3
Title 8, U.S.C.A. Section 803 (b)	2, 3, 4

IN THE
United States
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For the Ninth Circuit

OSCAR A. MIRANDA, also
known as Oscar Miranda Arteche,
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vs.

TOM C. CLARK, Attorney Gen-
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CARUSI, United States Com-
missioner of Immigration, and
WILLIAM I. CRANE, Officer
in charge of Port of San Luis,
Arizona,

Appellees.

BRIEF FOR APPELLEES

STATEMENT OF CASE

This is an appeal from a judgment in a suit instituted against Tom Clark, Attorney General of the United States, Ugo Carusi, United States Commissioner of Immigration, and William I. Crane, Officer in Charge of Port of San Luis, Arizona.

The judgment revoked an order theretofore entered restraining the arrest and deportation of appellant, and also declared that the appellant was by reason of forfeiture no longer a citizen of the United States (T.R. 19).

The statement of facts in appellant's brief correctly reflects the agreed statement of facts filed in this case (T.R. 12).

QUESTION PRESENTED

The question is stated in appellant's brief as follows:

"Whether plaintiff, who was born in the United States and taken during his minority to the country of his parents' origin and who became subject to a dual nationality, can expatriate himself by voting in a primary local election during his minority." (Appellant's Brief Page 3).

To correctly state the question presented, we believe that the last three words, "during his minority," should be changed to read, "after reaching the age of eighteen but prior to reaching his majority." (Appellant's Brief page 5, T. R. 13).

STATUTES INVOLVED

The following sections from the Nationality Act of 1940:

Title 8, U.S.C.A. Section 801, the applicable parts of which are as follows:

"A person who is a national of the United States, whether by birth or naturalization, shall lose his nationality by:

(e) Voting in a political election in a foreign state * * * ."

Title 8, U.S.C.A. Section 803(b):

"No national under eighteen years of age can

expatriate himself under sub-section (b) to (g) inclusive, of Section 801."

ARGUMENT

From the foregoing statutes, we see that the age under which persons cannot expatriate themselves was reduced to eighteen years by the Nationality Act of 1940 (Title 8, U.S.C.A. Section 803(b)).

It is a natural and reasonable interpretation of Section 803(b), quoted above, to say that a national over the age of eighteen can expatriate himself.

Prior to the passage of this act in 1940, voting in a foreign political election was not an act of expatriation. In the case of *Attorney General of the United States v. Ricketts*, 165 F. (2d) 193, cited in appellant's brief, the act committed by Ricketts and his return to the United States occurred prior to the passage of the 1940 Nationality Act, therefore the case is not in point.

The opinion of the Supreme Court of the United States in *Perkins v. Elg*, 307 U. S. 325, cited by appellant, was rendered May 29, 1939. In that case the Supreme Court said:

"To cause a loss of that citizenship in the absence of treaty or statute having that effect, there *must be voluntary action*, and such action cannot be attributed to an infant whose removal to another country is beyond his control and who, during his minority, is incapable of binding choice."

Section 801(a) and (e) were enacted after the opinion in the *Perkins v. Elg* case. The purpose of this act was to clarify the law and to specify a definite method of terminating dual citizenship and electing United States nationality by acquiring permanent residence in the United States prior to attaining the age of twenty-three.

Sub-division (a) of Section 801, which provides that a person who has acquired foreign nationality through the expatriation of his parent or parents, and who at the same time is a citizen of the United States, shall, if abroad, and if he has not heretofore expatriated himself as an American citizen by his own voluntary act, be permitted, within two years from the effective date of this chapter, to return to the United States and it shall be thereafter deemed that he has elected to be an American citizen. The phrase in this statute, “ * * * has not heretofore expatriated himself as an American citizen by his own voluntary act * * *”, is very significant when read in connection with Section 803(b), above quoted.

In view of the fact that the cases cited by appellant were all decided prior to the passage of the Nationality Act of 1940, we have not deemed it necessary to make a lengthy analysis of those cases.

SUMMARY

The statutes quoted above govern the present case. A national above the age of eighteen can expatriate himself by his own voluntary act. The appellant, Oscar A. Miranda, expatriated himself by his own voluntary act when he voted at the contested political election in April of 1946 when he was twenty years of age.

We respectfully submit that the judgment of the District Court should be affirmed.

Respectfully submitted,

FRANK E. FLYNN,
*United States Attorney for the
District of Arizona.*

DON HUMMEL,
*Assistant U. S. Attorney
Attorneys for Appellees.*

No. 12335

United States
Court of Appeals
For the Ninth Circuit.

ESTATE OF MYRON SELZNICK, Deceased,
BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION, DAVID O.
SELZNICK and CHARLES H. SACHS,
Executors,

Petitioners,

vs.

COMMISSIONER OF INTERNAL REVENUE,
Respondent.

Transcript of Record

Upon Petition to Review a Decision of the Tax Court
of the United States

FILED

FEB 2 - 1950

No. 12335

United States
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For the Ninth Circuit.

ESTATE OF MYRON SELZNICK, Deceased,
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INDEX

[Clerk's Note: When deemed likely to be of an important nature, errors or doubtful matters appearing in the original certified record are printed literally in *italic*; and, likewise, cancelled matter appearing in the original certified record is printed and cancelled herein accordingly. When possible, an omission from the text is indicated by printing in *italic* the two words between which the omission seems to occur.]

	PAGE
Appearances	1
Decision	90
Memorandum Opinion.....	69
Motion for Consideration of Original Exhibits.	114
Motion for Review by the Court of Report of a Division	77
Motion for Transmission of Original Exhibits on File With the Tax Court.....	101
Motion to Withdraw Memorandum Opinion and to Permit Filing Petitioners' Supplementary Brief	75
Order and Decision.....	91
Order for Consideration of Original Exhibits..	115
Order Directing Transmission of Original Ex- hibits on File With the Tax Court.....	103
Petition	3
Exhibit A—Letter from Treasury Depart- ment Dated 3/27/47, Advising of Deficiency.....	25

INDEX	PAGE
Petition for Review.....	92
Petitioner's Designation of Contents of Record on Review.....	98, 107
Respondent's Computation for Entry of Deci- sion	84
Statement of Points on Which Petitioners In- tend to Rely on Review.....	111
Stipulation re Findings of Court.....	36
Exhibit 1-A—Declaration of Trust.....	43
Exhibit A—List of Insurance Policies..	66
Exhibit 11-K—Statement of Payments of Net Income.....	67
Stipulation With Respect to Entry of Decision Under Rule 50.....	89

APPEARANCES

For Petitioner:

JOSEPH D. BRADY, ESQ.,
W. L. NOSSMAN, ESQ.,
LUCIEN W. SHAW, ESQ.

For Respondent:

E. A. TONJES, ESQ.

Docket No. 14985

ESTATE OF MYRON SELZNICK, Deceased,
BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION, DAVID O.
SELZNICK and CHARLES H. SACHS, Ex-
ecutors,

Petitioners,

vs.

COMMISSIONER OF INTERNAL REVENUE,
Respondent.

DOCKET ENTRIES

1947

June 23—Petition received and filed. Taxpayer
notified. Fee paid.

June 25—Copy of petition served on General
Counsel.

June 23—Request for Circuit hearing in Los An-
geles, filed by taxpayer. 7/14/47 Granted.

Aug. 19—Answer filed by General Counsel.

1947

Aug. 20—Copy of answer served on taxpayer—Los Angeles Calendar.

1948

Sept. 23—Hearing set November 29, 1948 in Los Angeles, California.

Nov. 29—Hearing had before Judge Van Fossan on merits. Stipulation of facts with Exhibits 1-A thru 11-K attached. Petitioner's brief due 1/13/49. Respondent's brief 2/14/49. Petitioner's reply 3/7/49.

Dec. 21—Transcript of hearing 11/29/48 filed.

1949

Jan. 11—Brief filed by taxpayer. Copy served.

Feb. 1—Motion for extension to 3/12/49 to file brief, filed by General Counsel. 2/2/49 Granted to 3/12/49.

Apr. 1—Memorandum Opinion rendered, Judge Van Fossan. Decision will be entered under Rule 50. Copy served.

Apr. 13—Motion to withdraw the memorandum opinion and to permit filing of petitioner's supplementary brief, brief lodged, filed by taxpayer. 4/14/49 Denied.

Apr. 25—Motion for review by the Court of report of a division filed by taxpayer. 4/27/49 Denied.

May 3—Computation for entry of decision filed by General Counsel.

May 4—Hearing set 6/1/49 on settlement.

May 31—Stipulation with respect to entry of decision under Rule 50 filed.

1949

June 3—Decision entered. Judge Van Fossan.
Div. 9.

June 7—Order and decision entered. Judge Arundell. Div. 7.

July 29—Petition for review by U. S. Court of Appeals, 9th Circuit with assignments of error filed by taxpayer.

July 29—Proof of service filed.

July 29—Designation of record filed by taxpayer. Service acknowledged thereon.

Aug. 8—Certified copy of order from 9th Circuit for transmission of original exhibits 2-B, 3-C, 4-D, 5-E, 6-F, 7-G, 8-H, 9-I and 10-J filed.

The Tax Court of the United States

Docket No. 14985

ESTATE OF MYRON SELZNICK, Deceased,
BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION, DAVID O.
SELZNICK and CHARLES H. SACHS,
Executors,

Petitioners,

vs.

COMMISSIONER OF INTERNAL REVENUE,
Respondent.

PETITION

The Estate of Myron Selznick, deceased, hereby

petitions for a redetermination of the asserted deficiency set forth by the Commissioner of Internal Revenue in his notice of deficiency (LA:ET:90D:NAB) dated March 27, 1947, and as a basis for this proceeding alleges:

1. Bank of America National Trust and Savings Association, a national banking association, David O. Selznick and Charles H. Sachs are the duly appointed and acting executors of the last will and testament of Myron Selznick, who died on March 23, 1944. The Federal estate tax return of the estate of said decedent was duly filed with the Collector of Internal Revenue for the 6th District of California on June 22, 1945 and the sum of \$294,099.92 was paid to said Collector on said date as Federal estate tax of said estate.

2. The notice of deficiency (a true and correct copy of which with accompanying statement is attached hereto and is marked Exhibit A) was mailed by respondent on March 27, 1947.

3. The taxes in controversy are estate taxes in the amount of \$409,634.05—the asserted deficiency of \$384,634.05 plus the amount of an overpayment hereby claimed of not less than \$25,000.

4. The determination of deficiency in tax set forth in the said notice of deficiency is based upon the following errors:

- (1) Respondent erred in determining that the value of 100 shares owned by decedent of capital stock of Myron Selznick, Ltd., a New York corporation, was \$39,958.34 on the date of death of

the decedent and in failing to determine that the value of said stock was not in excess of \$12,592.50 on said date.

(2) Respondent erred in determining that the value of 1000 shares owned by the decedent of capital stock of United Studios, Inc., a Delaware corporation, was \$12,000 on the date of decedent's death and in failing to determine that the value of said stock was not in excess of \$6,000 on said date.

(3) Respondent erred in determining that the value of commissions payable by clients, whom decedent represented as agent, was \$271,590.21 and in failing to determine that the value of said commissions payable was not in excess of \$79,390.42.

(4) Respondent erred in determining that the value of the claim of decedent for commissions receivable under a contract between Myron Selznick and Myron Selznick, Inc., parties of the first part and Leland Hayward, Leland Hayward, Inc., Leland Hayward and Co., Ltd., Leeward Royalties, Inc., Nat Deverich and Hayward-Deverich, parties of the second part, was \$9,594.77 on the date of decedent's death and in failing to determine that the value of said claim was not in excess of \$2,186.67.

(5) Respondent erred in determining that the value of the claim of decedent for commissions under an agency contract with Hunt Stromberg was \$200,000 on the date of decedent's death and in failing to determine that said claim had no value on said date.

(6) Respondent erred in determining that there

should be included in the gross estate (as additional item 64 on Schedule F, Other Miscellaneous Property) a settlement with Marguerite Roberts of a claim of decedent against said individual for commissions, in determining that the value of said claim was \$6,500 on the date of decedent's death, and in failing to determine that said claim had no value on said date.

(7) Respondent erred in determining that there should be included in the gross estate (as additional item 65 on Schedule F, Other Miscellaneous Property) a claim of decedent against Robert Donat for monies advanced, in determining that the value of said claim was \$21,866.36, on the date of decedent's death, and in failing to determine that said claim had no value on said date.

(8) Respondent erred in determining that there should be included in the gross estate of decedent transfers of property made during decedent's life to a trust made by decedent on January 29, 1932, in the amount of \$152,951.83, and in failing to determine that no amount should be included in the gross estate of decedent on account of transfers of property to said trust in excess of the amount of \$130,817.79, which was reported as item 1 of Schedule G of Form 706 filed by said estate.

(9) Respondent erred in including in the gross estate of decedent the value of life insurance policies transferred by decedent to the trust made by him on January 29, 1932, and mentioned in paragraph (8) above, in the amount of \$148,805.10, and in failing to determine that no amount should be

included in said gross estate on account of said insurance policies in excess of the amount of \$39,470.21, which was reported as item 2 in Schedule G of Form 706 filed by said estate.

(10) Respondent erred in failing to allow as a deduction a claim of Florence A. Selznick against the estate in the amount of \$14,535.01.

(11) Respondent erred in failing to allow as a deduction a claim of Mildred Selznick against the estate in the amount of \$27,575.00.

(12) Respondent erred in failing to allow deduction of certain Federal and state income taxes and state property taxes, and interest thereon, accrued prior to the date of decedent's death.

(13) Respondent erred in failing to allow deduction of certain administration expenses including commissions of the executors, extraordinary counsel fees, expenses of preparation of the Federal Estate Tax Return and reasonable fees of tax counsel for (a) the preparation of the petition herein; (b) for proceedings within the Bureau of Internal Revenue prior to trial; (c) for the trial and briefing of these proceedings before the Tax Court of the United States and (d) for the representation of the estate in any appellate court proceedings which may eventuate.

(14) Respondent erred in failing to allow a credit for the amount of estate, inheritance, legacy or succession taxes actually paid or payable to the State of California or any other State or Territory or the District of Columbia in respect

of property of the decedent included in the gross estate.

(15) Respondent erred in determining that there is any deficiency and in failing to determine an overpayment.

5. The facts upon which the estate relies as a basis of this proceeding are as follows:

(1) With respect to the assignment of error set forth in paragraph 4 (1) the facts are:

(a) On the date of his death, decedent, Myron Selznick, owned 100 shares of the capital stock of Myron Selznick, Ltd., a New York corporation engaged in the business of acting as agent for actors and directors.

(b) The capital stock of Myron Selznick, Ltd., was never at any time listed on any stock exchange and was never at any time traded in over the counter or otherwise sold or exchanged. The 100 shares of stock of said corporation owned by the decedent represented all the outstanding shares of said corporation.

(c) The value of said shares on the date of decedent's death was not in excess of \$125,925 per share or a total value for the 100 shares of \$12,592.50. Said shares were valued at said sum in item 22, Schedule B of Form 706 filed by the estate.

(d) In his final determination of the asserted deficiency, respondent valued said shares of stock at \$39,958.34.

(2) With respect to the assignment of error set forth in sub-paragraph 4 (2) the facts are:

(a) On the date of his death, decedent owned 1000 shares of the capital stock of United Studios, Inc., a Delaware corporation, engaged in the business of holding real property and collecting rents therefrom.

(b) The capital stock of United Studios, Inc., was never at any time listed on any stock exchange and was never at any time traded in over the counter or otherwise regularly sold or exchanged.

(c) The value of said shares of United Studios, Inc., on the date of decedent's death was not in excess of \$6 per share or \$6,000 for the 1,000 shares owned by the decedent. Said shares were valued at said amount in item 25 of Schedule B of Form 706 filed by the estate.

(d) In his final determination of the asserted deficiency, respondent valued said shares of stock at \$12,000.

(3) With respect to the assignment of error set forth in sub-paragraph 4 (3) the facts are:

(a) Prior to his death, decedent had for many years acted as agent for actors, actresses, producers, writers, directors and others engaged in the motion picture industry and in the entertainment field generally, by obtaining for them employment, handling their relations with their employers and otherwise assisting them in their professional activities. In this capacity, decedent had entered agency contracts with a large number of such individuals by the terms of which he was entitled for his services to payment of commissions measurable

by a percentage of the compensation of such individuals.

(b) On the date of the death of the decedent, there were unpaid amounts totalling \$79,390.42 accrued and payable to decedent as commissions for services theretofore rendered by decedent under such agency contracts then in effect.

(c) As of the date of decedent's death, the collection under said agency contracts of any amounts in addition to the amounts accrued and payable on said date was wholly contingent and uncertain and it was not possible to determine on said date what further amounts, if any, might be collected thereunder. As of said date said agency contracts did not represent an asset of the estate (to any extent in excess of the amounts accrued and payable on said date) which could have been sold.

(d) On the date of decedent's death, the value of claims of decedent under such agency contracts was not in excess of the sum of \$79,390.42 representing the amounts accrued on said date for commissions previously earned. Said value on account of said commissions was reported in item 54, Schedule F of Form 706 filed by the estate.

(e) In his final determination of the asserted deficiency, respondent valued said claims of decedent under agency contracts at \$271,590.21.

(4) With respect to the assignment of error set forth in sub-paragraph 4 (4) the facts are:

(a) On September 30, 1940, decedent made a contract in which he and Myron Selznick, Inc., were parties of the first part and Leland Hayward,

Leland Hayward, Inc., a New York corporation, Leland Hayward and Co., Ltd., a California corporation, Leeward Royalties, Inc., a California corporation, Nat Deverich and Hayward-Deverich, a California corporation, were parties of the second part.

(b) Under said contract, decedent transferred to the parties of the second part certain agency contracts and received in exchange therefor a right to a portion of the commissions derived by the parties of the second part therefrom, payable if, as and when such commissions were received by the parties of the second part.

(c) As of the date of decedent's death, there was accrued and payable to decedent under said contract the sum of \$2,186.67.

(d) As of the date of decedent's death, the collection under said contract of any amounts in addition to the sum accrued and payable on said date was wholly contingent and uncertain and it was not possible to determine on said date what further amounts, if any, might be collected thereunder.

(e) The value of the claim of decedent under said contract on the date of decedent's death was \$2,186.67, which amount was reported in item 55 of Schedule F of Form 706 filed by the estate.

(f) In his final determination of the asserted deficiency, respondent valued said claim of decedent under said contract at \$9,594.77.

(5) With respect to the assignment of error set forth in sub-paragraph 4 (5) the facts are:

(a) In the latter part of 1941, decedent was

employed by Hunt Stromberg, a motion picture director, to advise and assist in the organization and operation of an independent motion picture production enterprise, being organized by Stromberg.

(b) In 1942, said employment was reduced to writing in an agency contract whereby decedent was employed by Hunt Stromberg as agent and was to receive as commission 10% of the stock in the corporation formed to carry on said enterprise and 10% of Stromberg's compensation from said enterprise, only if, as and when such compensation should be received by Stromberg from said enterprise for his personal use.

(c) As of the date of decedent's death, a dispute had arisen between Stromberg and decedent as to said agency contract and Stromberg was then asserting that decedent was entitled to nothing thereunder. Furthermore, after decedent's death, Stromberg asserted that said death terminated said agency contract and all of his obligations thereunder.

(d) As of the date of decedent's death, the collection of any amounts under said contract with Stromberg was wholly contingent and uncertain and the claim of decedent thereunder had no value.

(e) In his final determination of the asserted deficiency, respondent valued decedent's claim against Hunt Stromberg at \$200,000.

(6) With respect to the assignment of error set forth in sub-paragraph 4 (6) the facts are:

(a) Prior to the date of his death, the decedent

had had an agency contract with Marguerite Roberts whereby he represented said individual as agent. Prior to said date, decedent had determined that he was not receiving the amounts due to him under said agency contract and had brought an action against Marguerite Roberts in the Superior Court of the State of California in and for the County of Los Angeles for damages for breach of said contract.

(b) Said action was pending on the date of decedent's death and was then and had theretofore been contested by the defendant, Marguerite Roberts, and no recovery therein had been obtained.

(c) After decedent's death, the executors of the estate settled the claim against Marguerite Roberts for the sum of \$6,500 paid to the estate in settlement thereof.

(d) On the date of decedent's death, the collection of any amounts from Marguerite Roberts was wholly contingent and uncertain and said claim against Marguerite Roberts had no value.

(e) In his final determination of the asserted deficiency, respondent valued decedent's claim against Marguerite Roberts at \$6,500.

(7) With respect to the assignment of error set forth in sub-paragraph 4 (7) the facts are:

(a) In the year 1940, Robert Donat, a British motion picture actor, was a client of Myron Selznick (London) Ltd., an agency controlled by the decedent. In the summer of 1940, Robert Donat sent his wife and children to the United States to stay for the duration of the war.

(b) During the summer of 1940, decedent was asked to advance to Robert Donat funds for the support, in the United States, of Mrs. Donat and her children, because they had no funds in the United States. Decedent agreed thus to advance funds because he desired to retain the good will of Robert Donat as a client of his London agency and because he believed that Donat might later come to the United States in which event he might employ decedent as agent in the United States.

(c) During the period between August, 1940, and the summer of 1943, decedent advanced to Mrs. Donat sums totalling \$21,886.36.

(d) During the period between August, 1940, and the summer of 1943, decedent had received no repayment in any form of the amounts advanced to Mrs. Donat, and inquired as to when he could expect to be reimbursed for the sums thus advanced. Decedent received no satisfactory reply from Robert Donat and, thereupon, ceased making further payments.

(e) Between 1940 and the present time, Robert Donat has never been in the United States and neither he nor his wife have any property in the United States. As of the date of decedent's death, no amount had been collected on account of the sums advanced to Mrs. Donat, and no acknowledgment of the obligation therefor had been obtained from Mr. or Mrs. Donat.

(f) The executors of decedent's estate have made repeated efforts to collect this claim but have received no payment thereon and no acknowledg-

ment of the obligation. The executors have been informed that it would be illegal for Robert Donat to incur an indebtedness outside of England exceeding the amount of funds which he could have lawfully remitted outside of England.

(g) As of the date of decedent's death, said claim was not enforceable and not collectible and had no value.

(h) In his final determination of the asserted deficiency, respondent valued decedent's claim against Robert Donat at \$21,886.36.

(8) With respect to the assignment of error set forth in sub-paragraph 4 (8) the facts are:

(a) On January 29, 1932, decedent made a declaration of trust as trustor and named therein Citizens' National Trust and Savings Bank of Los Angeles, a national banking association, as trustee and said trust was designated as Citizens' National Trust and Savings Bank Trust #6969.

(b) Prior to June 6, 1932, decedent made transfers of property to said trust, which property as of the date of decedent's death had a value of \$152,951.83.

(c) By the terms of said trust, decedent reserved the right to receive in monthly payments the income of the property transferred to said trust and provided that none of the income of said property for the period between the last such monthly payment and the date of decedent's death was to be received by decedent or by his estate but was instead to belong and go to the beneficiaries entitled to the next estate in said trust.

(d) Said transfers made to said trust prior to June 6, 1932, were not transfers intended to take effect in possession or enjoyment at decedent's death and were not transfers under which decedent retained for his life or any period not ending before his death the possession or enjoyment of, or the income from, said property.

(e) After June 6, 1932, decedent made further transfers of property to said trust which property had a value as of the date of decedent's death of \$130,817.79, which amount is conceded to be includible in the estate (and of which all but \$28.81 was reported as includible in the estate in item 1 of Schedule G of Form 706 filed by the estate).

(f) None of the transfers of property to said trust in excess of the amount of \$130,817.79 referred to in sub-paragraph (e) above are includible in the gross estate of decedent.

(g) In his final determination of the asserted deficiency, respondent included in the gross estate of decedent the property having a value as of the date of decedent's death of \$152,951.83 and \$130,817.79 referred to in sub-paragraphs (b) and (e) above, respectively.

(9) With respect to the assignment of error set forth in sub-paragraph 4 (9) the facts are:

(a) On January 29, 1932, decedent made a declaration of trust as trustor (as heretofore alleged in paragraph 5 (8) (a)), naming Citizens' National Trust and Savings Bank of Los Angeles as trustee, which trust was designated as Citizens' National Trust and Savings Bank Trust #6969.

(b) On or about January 29, 1932, decedent transferred by assignment to said trust certain insurance policies on his life. Said policies are listed in Schedule G of Form 706 filed by the estate.

(c) After the transfer of said policies to the trustee, the amounts receivable thereunder as insurance were receivable by said trustee and this was true at all times after said transfers and until payment was made to the trustee under said policies after decedent's death.

(d) Said transfers of insurance policies made to said trust prior to June 6, 1932, were not transfers intended to take effect in possession or enjoyment at decedent's death and were not transfers under which decedent retained for his life or any period not ending before his death the possession or enjoyment of, or the income from said property.

(e) At no time after January 10, 1941, did decedent possess any incident of ownership in the insurance policies thus transferred to said trust.

(f) The total amount received by said trustee as insurance under said policies was \$188,275.31 of which the proportion equivalent to the proportion of the total premiums for such insurance paid on or before January 10, 1941, was \$148,805.10 and the proportion equivalent to the proportion of total premiums for such insurance paid after January 10, 1941, was \$39,470.21.

(g) Of said amount received by said trustee as insurance under said policies, \$39,407.58 was reported as includible in the estate in Schedule G of Form 706 filed by the estate.

(h) None of the amount received by said trustee as insurance under said policies, in excess of the amount of \$39,470.21 referred to in sub-paragraph (f) above, is includible in the gross estate of decedent.

(i) In his final determination of the asserted deficiency, respondent included in the gross estate of decedent said amount of \$39,470.21 referred to in sub-paragraphs (f) and (h) above and in addition included therein the additional amount of \$148,805.10 referred to in sub-paragraph (f) above, on account of said insurance.

(10) With respect to the assignment of error set forth in sub-paragraph 4 (10) the facts are:

(a) Florence A. Selznick was the mother of decedent and of his brother, David O. Selznick. Commencing prior to 1936 and at all times thereafter, Florence A. Selznick was without funds with which to provide support for herself.

(b) Prior to 1936 decedent and David O. Selznick agreed to provide for the support of Florence A. Selznick by paying for said purpose equal sums weekly. Said agreement was made in view of their respective obligations to support Florence A. Selznick as provided in California Civil Code, Section 206.

(c) Commencing in 1936, the weekly payments made by decedent for the support of Florence A. Selznick were made by the segregation of funds of decedent by means of accounting records maintained by him and considered by decedent and Florence A. Selznick to establish her right to said

funds. Said funds were at all times held for the benefit of Florence A. Selznick and decedent had no beneficial right, title or interest therein. From time to time, amounts were withdrawn from said funds solely by or for the benefit of Florence A. Selznick.

(d) On the date of decedent's death, there remained in said funds the sum of \$14,535.01 which had not yet been expended by or on behalf of Florence A. Selznick.

(e) On said date, the segregation of said funds by decedent represented a transaction completed prior to the date of death of decedent whereby the rights of Florence A. Selznick therein became fully vested, and said segregation did not constitute an executory contract.

(f) The agreement of decedent to transfer funds to Florence A. Selznick by means of segregating them was bona fide and was in consideration of his obligation to support Florence A. Selznick and of the agreement of David O. Selznick to discharge his obligation of support by providing similar sums for the support of Florence A. Selznick which agreement represented adequate and full consideration in money or money's worth.

(g) Florence A. Selznick filed a claim against the estate for the amount transferred to her by decedent, \$14,535.01, which claim was on June 6, 1944, allowed and approved by the Superior Court of the State of California in and for the County of Los Angeles in the probate proceedings in said

estate, and the amount of said claim was paid to Florence A. Selznick by the estate on June 20, 1944.

(h) The claim of Florence A. Selznick against said estate for \$14,535.01 was properly allowable as a deduction from the value of the gross estate (as reported in item 4 of Schedule K of Form 706 filed by said estate).

(i) In his final determination of the asserted deficiency, respondent did not allow said claim of Florence A. Selznick as a deduction from the value of the gross estate.

(11) With respect to the assignment of error set forth in sub-paragraph 4 (11) the facts are:

(a) In February, 1943, Mildred Selznick, was and for many years had been the wife of Howard Selznick, a brother of decedent and David O. Selznick. In said month, Mildred Selznick commenced an action against decedent and David O. Selznick in the Superior Court of the State of California in and for the County of Los Angeles.

(b) In said action, Mildred Selznick asserted two claims against decedent and David O. Selznick as follows:

(i) A claim for damages for breach of a contract which she alleged to have been made with her by decedent and David O. Selznick by the terms of which she alleged that she had surrendered her right to obtain a divorce from Howard Selznick and had rendered services in caring for him in exchange for the alleged agreement of decedent and David O. Selznick to pay her sums necessary for her support for the rest of her natural life, pro-

vide her with living accommodations for herself for the rest of her natural life and for her children until they reached their majority, and in addition pay her at least \$75 per week and provide financial security for her so long as she should live.

(ii) A claim in tort for alleged deceit on the part of decedent and David O. Selznick in inducing her to forego her claims and rights against Howard Selznick when decedent and David O. Selznick had no intention of carrying out the contract alleged to have been made with her.

(c) Said action in the Superior Court was resisted by decedent and was pending at the date of his death. Thereafter it was vigorously resisted by his estate. Ultimately, prior to a trial of said action and in March, 1945, the executors of decedent's estate and David O. Selznick agreed with Mildred Selznick upon a compromise settlement of both of her claims in said action in the Superior Court by the payment to her of money and property valued at \$55,150.00 of which the estate's share was \$27,575.00

(d) Said compromise settlement was submitted to the Superior Court of the State of California in and for the County of Los Angeles in a special proceeding in the probate of decedent's estate. In said special proceedings, on May 1, 1945, the Superior Court approved the compromise settlement and allowed and approved the claim of Mildred Selznick theretofore filed, to the extent of \$27,575.00. Said sum was paid to Mildred Selznick by the estate on or about May 5, 1945.

(e) The claims of Mildred Selznick thus settled by a payment to her by the estate of \$27,575.00 were (i) as to the claim based upon the alleged contract, contracted bona fide and for an adequate and full consideration in money or money's worth, and, (ii) as to the claim in tort for alleged deceit represented an alleged liability imposed by the law of the State of California and arising out of a tort of decedent. The amount paid in settlement of said claims represented an allowable deduction from the value of the gross estate (as reported in item 26 of Schedule K of Form 706 filed by the estate).

(f) In his final determination of the asserted deficiency, respondent did not allow said claim of Mildred Selznick as a deduction from the value of the gross estate.

(12) With respect to the assignment of error set forth in sub-paragraph 4 (12) the facts are:

Prior to the final determination of Federal estate tax liability, decedent's estate will have paid certain items of the character described in the assignment of error in paragraph 4 (12) of this petition. Such items are properly deductible in the final determination of the net estate.

(13) With respect to the assignment of error set forth in sub-paragraph 4 (13) the facts are:

Prior to the final determination of Federal estate tax liability, decedent's estate will have incurred further liability for items of the character described in the assignment of error in paragraph 4 (13) of this petition. Such items are properly deductible in the final determination of the net estate.

(14) With respect to the assignment of error set forth in sub-paragraph 4 (14) the facts are:

Prior to the final determination of Federal estate tax liability of decedent's estate certain items of taxes of the character described in the assignment of error in paragraph 4 (14) of this petition will have been paid or be payable. Decedent's estate will be entitled to an appropriate credit therefor.

(15) Myron Selznick, hereinbefore referred to as the decedent, was born on October 5, 1898, in Pittsburgh, Pennsylvania and died a resident of Beverly Hills, California, on March 23, 1944. His estate is being administered under the laws of the State of California.

Wherefore, petitioner prays that this Court determine that there is no deficiency in estate tax; that on the contrary there has heretofore occurred an overpayment of Federal estate tax; that the Court determine as a part of its decision that the entire overpayment was paid within three years before the mailing of the deficiency notice, or in the event that any further payment should be made, that such further payment was made after the mailing of the notice of deficiency; and grant such other and further relief as may be equitable in the premises.

/s/ JOSEPH D. BRADY,

/s/ WALTER L. NOSSAMAN,

/s/ LUCIEN W. SHAW,

Counsel for Petitioner.

State of California,
County of Los Angeles—ss.

H. M. Bardt, being first duly sworn, says that he is Vice President and Trust Officer of Bank of America National Trust and Savings Association, a national banking association, which is one of the duly appointed and acting Executors (with David O. Selznick and Charles H. Sachs), of the Estate of Myron Selznick, deceased, petitioner herein; that affiant is duly authorized to verify the foregoing petition; that affiant has read the foregoing petition, is familiar with the statements contained therein and that the facts stated are true except as to those facts stated to be upon information and belief and those facts he believes to be true.

/s/ H. M. BARDT

Subscribed and sworn to before me this 18th day of June, 1947.

[Seal] /s/ JULIA M. FITZSIMMONS,
Notary Public in and for the County of Los Angeles, State of California.

My Commission Expires February 17, 1948.

EXHIBIT A

Treasury Department
Internal Revenue Service
417 South Hill Street
Los Angeles 13, California

Mar. 27, 1947.

Office of Internal Revenue Agent in Charge,
Los Angeles Division, LA:ET:90D:NAB

Estate of Myron Selznick, Deceased

Bank of America National Trust and
Savings Association et al, Executors
469 North Beverly Drive
Beverly Hills, California

Gentlemen:

You are advised that the determination of the estate tax liability of the above-named estate, discloses a deficiency of \$384,634.05, as shown in the statement attached.

In accordance with the provisions of existing internal revenue laws, notice is hereby given of the deficiency or deficiencies mentioned.

Within 90 days (not counting Saturday, Sunday or a legal holiday in the District of Columbia as the 90th day) from the date of the mailing of this letter, you may file a petition with the Tax Court of the United States, at its principal address, Washington 25, D. C., for a redetermination of the deficiency or deficiencies.

Should you not desire to file a petition, you are

requested to execute the enclosed form and forward it to the Internal Revenue Agent in Charge, Los Angeles, California, for the attention of LA: Conf. The signing and filing of this form will expedite the closing of your return (x) by permitting an early assessment of the deficiency or deficiencies, and will prevent the accumulation of interest, since the interest period terminates 30 days after filing the form, or on the date assessment is made, whichever is earlier.

Very truly yours,

JOSEPH D. NUNAN, JR.,

Commissioner.

By GEORGE D. MARTIN,

Internal Revenue Agent
in Charge.

Enclosures:

Statement

Form of waiver

LA:ET.90D:NAB

District of Sixth California

Estate of Myron Selznick

Date of Death: March 23, 1944

Statement

	Liability	Assessed	Deficiency
Estate Tax	\$678,733.97	\$294,099.92	\$384,634.05

In making this determination of the federal estate tax liability of the above-named estate, careful consideration has been given to the report of examination dated June 28, 1946, to the protest dated November 8, 1946, and to the statements made at the hearing on January 20, 1947.

A copy of this letter and statement has been mailed to your representative, Mr. John B. Milliken, 650 South Spring Street, Los Angeles 14, California, in accordance with the authority contained in the power of attorney executed by you.

Adjustments to net estate:

Net estate for basic tax as disclosed by the return		\$ 974,850.04
Additions to value of net estate and decreases in deductions:		
Stocks and bonds	\$ 33,365.84	
Other miscellaneous property....	428,848.84	
Transfers	301,848.37	
Executors commissions	3,500.00	
Attorney's fees	17,446.37	
Debts of decedent	42,110.01	827,119.43
		<hr/>
		1,801,969.47

Reductions in value of net estate and
increases in deductions:

Funeral expenses	\$ 154.10	
Miscellaneous administration expenses	7,295.44	7,449.54
		<hr/>
Net estate for basic tax as adjusted.....		\$1,794,519.93
Net estate for additional tax as adjusted		1,834,519.93

Explanation of Adjustments:

Stocks and bonds	Returned	Determined
Item 22	\$ 12,592.50	\$ 39,958.34
Item 25	6,000.00	12,000.00
	<hr/>	<hr/>
	18,592.50	\$ 51,958.34
Difference		\$ 33,365.84

The determined values of \$399.58 per share for stock of Myron Selznick, Ltd. (N.Y.) and of \$12.00 per share for stock of United Studios, Inc., are predicated upon consideration of all relevant factors and elements of value disclosed by the evidence on file, due consideration being given to corporate earning and dividend paying capacity.

Item 54	\$ 79,390.42	\$ 271,590.21
Item 55	2,186.67	9,594.77
Item 59	0	200,000.00
Addl. Item 60—S.A.G. dues refund	0.	625.00
Addl. Item 61—Return prem. 1944 unemployment tax	0	96.59
Addl. Item 62—Return prem. P.L.&P.D.	0	44.01
Addl. Item 63—Refund of costs by Brannen	0	88.99
Addl. Item 64—Settlement with Marguerite Roberts	0	6,500.00

Addl. Item 65—Claim against

Robt. Donat	0	21,886.36
	<u>\$ 81,577.09</u>	<u>\$ 510,425.93</u>
Difference		428,848.84

The determined value of item 54 is predicated upon the total amount collected to March 26, 1946, plus one-half of the estimated balances. See exhibit A accompanying 30-day letter for details.

The determined value of item 55 is predicated upon the total amount collected. See exhibit B accompanying 30-day letter for details.

The determined value of item 59 is based on the estimated amount that would have been received by the estate if the contract with Hunt Stromberg had been terminated at date of death and an accounting had of moneys and properties on hand.

Additional items 60, 61 and 62 are refunds received by the estate of dues and premiums paid prior to date of death.

Additional item 63 is a refund of costs received by the estate from Mr. Brannen in connection with the Pastor Hall matter in 1941.

Additional item 64 is the amount received by the estate as settlement in full with Marguerite Roberts on accruals between January 29, 1942 and March 23, 1944.

Additional item 65 is the amount owing to the decedent at date of death by Robert Donat and it is included at balance due because it has not been shown that this claim was at date of death of no value.

Transfers during decedent's life:

The value of the following described property, transferred by the decedent in his lifetime, is included in the gross estate, it being determined that such transfer was intended to take effect in possession or enjoyment at decedent's death and comes within the provisions of section 811(c) of the Internal Revenue Code:

Item 1	\$ 130,788.98	\$ 283,769.62
Item 2	39,407.58	188,275.31
Funeral expenses	5,649.90	5,804.00
Difference		154.10

Funeral expenses are allowed in the amount paid as shown by the evidence on file.

Executors' commissions	\$ 40,000.00	\$ 36,500.00
Difference		3,500.00

Executors' commissions are allowed in the total amount allowed by the Court and paid to date as shown by the evidence on file, as follows:

To Bank of America N.T. & S.A.:
December 29, 1944, on account
of statutory commissions, \$7,-
500; December 28, 1945, com-
missions allowed by the Court
for extraordinary services, \$20,-
000.00; total, \$27,500.00.

To Charles H. Sachs: December
29, 1944, on account of statutory
commissions, \$2,500.00; Janu-
ary 11, 1945, commissions al-
lowed by the Court for extraor-
dinary services, \$6,500.00; total,
\$9,000.00

Grand total of commissions paid, \$36,500.00

Attorneys' fees	\$ 75,000.00	\$ 57,553.63
Difference		17,446.37

Attorneys' fees are allowed in the total amount allowed by the Court and paid to date as shown by the evidence on file, as follows: November 21, 1944, extraordinary fees, \$6,500.00; January 2, 1945, on account of statutory fees, \$5,000.00; December 28, 1945, extra fees, \$20,000.00; March 14, 1946, extra fees, \$22,-553.63; March 14, 1946, on account of statutory fees, \$3,500.00; total, \$57,553.63.

Miscellaneous administration expenses:

Item 13	\$ 1,000.00	\$ 1,295.44
Additional Item 16. Arbitration expense, Andy Devine	0	2,000.00
Additional Item 17, Attorney fees paid to Parker, Milliken & Kohl- meier on account	0	5,000.00
	<hr/>	<hr/>
	\$ 1,000.00	\$ 8,295.44
Difference		7,295.44

Item 13. The amount paid to White & Case for attorney fees and expenses is allowed in lieu of the amount claimed as estimated expense.

Arbitration expenses paid to the S.A.G. is allowed as Additional Item 16 and the amount paid on account to special tax counsel is allowed as additional Item 17.

Debts of decedent:

Item 4	\$ 14,535.01	0
Item 26	27,575.00	0
	<hr/>	<hr/>
	\$ 42,110.01	0
Difference		\$ 42,110.01

Items 4 and 26 are disallowed because the evidence on file shows that they were not contracted for a full and adequate consideration in money or money's worth.

	Computation of Returned	Estate Tax Determined
Gross estate for basic tax	\$1,392,173.45	\$2,156,236.50
Deductions	417,323.41	361,716.57
Net estate for basic tax	\$ 974,850.04	\$1,794,519.93
Net estate for addi- tional tax	\$1,014,850.04	\$1,834,519.93
Gross basic tax		\$ 115,006.79
Credit for estate and inheritance tax		0
Net basic tax.....		\$ 115,006.79
Total gross taxes (basic and addi- tional)	\$ 678,733.97	
Gross basic tax.....	115,006.79	
Net additional tax		563,727.18
Total net basic and additional taxes		\$ 678,733.97
Total tax payable		\$ 678,733.97
Estate tax assessed:		
July 1945 list, page 102, line 3		294,099.92
Deficiency		\$ 384,634.05

Upon receipt of a waiver, or upon the expiration of 90 days from the date of this letter, if a petition is not filed with The Tax Court of the United States, \$292,628.62 of the deficiency will be assessed.

As the balance of the deficiency may be eliminated by credit for State estate, inheritance, legacy, or succession taxes, opportunity will be accorded for the submission of the evidence required by section 81.9 of Regulations 105. If after a reasonable time the evidence is not filed, the balance of the deficiency will be assessed. Please advise when the credit evidence may be expected.

Received and filed June 23, 1947. T.C.U.S.

[Title of Court and Cause.]

ANSWER

The Commissioner of Internal Revenue, by his attorney, Charles Oliphant, Chief Counsel, Bureau

of Internal Revenue, for answer to the petition of the above-named taxpayer, admits and denies as follows:

1 and 2. Admits the allegations contained in paragraphs 1 and 2 of the petition.

3. Admits that the taxes in controversy are estate taxes and that the asserted deficiency is in the amount of \$384,634.05 as alleged in paragraph 3 of the petition and denies the remainder of said paragraph.

4(1) to (15), inclusive. Denies that the respondent erred as alleged in subparagraphs (1) to (15), inclusive, of paragraph 4 of the petition.

5(1)(a). Admits the matter set forth in subparagraph (a) of paragraph 5(1) of the petition except for lack of information sufficient to form a belief as to the truth or falsity thereof it is denied that Myron Selznick, Ltd., a New York corporation, was engaged in the business of acting as agent for actors and directors as alleged in said subparagraph.

(b). Denies the allegations contained in subparagraph (b) of paragraph 5(1) of the petition.

(c). Admits that 100 shares of Myron Selznick, Ltd., were valued at \$12,592.50 in item 22, Schedule B of Form 706 filed by the estate as alleged in subparagraph (c) of paragraph 5(1) of the petition and denies the remainder of said subparagraph.

(d). Admits the allegations contained in subparagraph (d) of paragraph 5(1) of the petition.

5(2)(a). Admits the matter contained in sub-

paragraph (a) of paragraph 5(2) of the petition except for lack of information sufficient to form a belief as to the truth or falsity thereof it is denied that United Studios, Inc., was a Delaware corporation engaged in the business of holding real property and collecting rents therefrom as alleged in said subparagraph.

(b). Denies the allegations contained in subparagraph (b) of paragraph 5(2) of the petition.

(c.) Admits that 1,000 shares of United Studios, Inc., were valued at \$6,000 in item 25 of Schedule B of Form 706 filed by the estate as alleged in subparagraph (c) of paragraph 5(2) of the petition and denies the remainder of said subparagraph.

(d). Admits the allegations contained in subparagraph (d) of paragraph 5(2) of the petition.

5(3)(a) and (b). Admits the allegations contained in subparagraphs (a) and (b) of paragraph 5(3) of the petition.

(c). Denies the allegations contained in subparagraph (c) of paragraph 5(3) of the petition.

(d). Admits that \$79,390.42 on account of said commissions was reported in item 54, Schedule F of Form 706 filed by the estate as alleged in subparagraph (d) of paragraph 5(3) of the petition and denies the remainder of said subparagraph.

(e). Admits the allegations contained in subparagraph (e) of paragraph 5(3) of the petition.

5(4) (a) to (d), inclusive. Denies the allegations contained in subparagraphs (a) to (d), inclusive, of paragraph 5(4) of the petition.

(e) Admits that \$2,186.67 was reported in item

55 of Schedule F of Form 706 filed by the estate as alleged in subparagraph (e) of paragraph 5(4) of the petition and denies the remainder of said subparagraph.

(f). Admits the allegations contained in subparagraph (f) of paragraph 5(4) of the petition.

5(5)(a) to (d), inclusive. Denies the allegations contained in subparagraphs (a) to (d), inclusive, of paragraph 5(5) of the petition.

(e). Admits the allegations contained in subparagraph (e) of paragraph 5(5) of the petition.

5(6)(a). Admits the allegations contained in subparagraph (a) of paragraph 5(6) of the petition.

(b). Denies the allegations contained in subparagraph (b) of paragraph 5(6) of the petition.

(c). Admits the allegations contained in subparagraph (c) of paragraph 5(6) of the petition.

(d). Denies the allegations contained in subparagraph (d) of paragraph 5(6) of the petition.

(e). Admits the allegations contained in subparagraph (e) of paragraph 5(6) of the petition.

5(7)(a) and (b). Denies the allegations contained in subparagraphs (a) and (b) of paragraph 5(7) of the petition.

(c). Admits the allegations contained in subparagraph (c) of paragraph 5(7) of the petition.

(d). Denies the allegations contained in subparagraph (d) of paragraph 5(7) of the petition.

(e). Admits that as of the date of decedent's death no amount had been collected on account of the sums advanced to Mrs. Donat as alleged in subpara-

graph (e) of paragraph 5(7) of the petition and denies the remainder of said subparagraph.

(f) and (g). Denies the allegations contained in subparagraphs (f) and (g) of paragraph 5(7) of the petition.

(h). Admits the allegations contained in subparagraph (h) of paragraph 5(7) of the petition.

5(8)(a). Admits the allegations contained in subparagraph (a) of paragraph 5(8) of the petition.

(b). Admits the matter set forth in subparagraph (b) of paragraph 5(8) of the petition except the qualification "prior to June 6, 1932," which is denied.

(c) and (d). Denies the allegations contained in subparagraphs (c) and (d) of paragraph 5(8) of the petition.

(e). Admits the matter set forth in subparagraph (e) of paragraph 5(8) of the petition except the qualification "after June 6, 1932," which is denied.

(f). Denies the allegations contained in subparagraph (f) of paragraph 5(8) of the petition.

(g). Admits that in his final determination of the asserted deficiency, respondent included in the gross estate of decedent the property having a value as of the date of decedent's death of \$283,769.62 as alleged in subparagraph (g) of paragraph 5(8) of the petition and denies the remainder of said subparagraph.

5(9)(a). Admits the allegations contained in subparagraph (a) of paragraph 5(9) of the petition.

(b) Admits the matter set forth in subparagraph (b) of paragraph 5(9) of the petition except for lack of information sufficient to form a belief as to the truth or falsity thereof denies that the transfers were made "on or about January 29, 1932," as alleged in said subparagraph.

(c) to (f), inclusive. Denies the allegations contained in subparagraphs (c) to (f), inclusive, of paragraph 5(9) of the petition.

(g). Admits that \$39,407.58 was reported as insurance includible in the estate in Schedule G of Form 706 filed by the estate as alleged in subparagraph (g) of paragraph 5(9) of the petition and denies the remainder of said subparagraph.

(h). Denies the allegations contained in subparagraph (h) of paragraph 5(9) of the petition.

(i). Admits that in his final determination of the asserted deficiency, respondent included in the gross estate of decedent \$188,275.31 on account of said insurance as alleged in subparagraph (i) of paragraph 5(9) of the petition and denies the remainder of said subparagraph.

5(10)(a) to (h), inclusive. Denies the allegations contained in subparagraphs (a) to (h), inclusive, of paragraph 5(10) of the petition.

(i). Admits the allegations contained in subparagraph (i) of paragraph 5(10) of the petition.

5(11)(a) to (e), inclusive. Denies the allegations contained in subparagraphs (a) to (e), inclusive, of paragraph 5(11) of the petition.

(f). Admits the allegations contained in subparagraph (f) of paragraph 5(11) of the petition.

5(12), (13) and (14). Denies the allegations contained in paragraphs 5(12), (13) and (14) of the petition.

5(15). Admits the allegations contained in paragraph 5(15) of the petition.

6. Denies each and every allegation contained in the petition not hereinbefore specifically admitted or denied.

Wherefore, it is prayed that the determination of the Commissioner be approved.

/s/ CHARLES OLIPHANT,

Chief Counsel, Bureau of
Internal Revenue.

Of Counsel:

B. H. NEBLETT,
Division Counsel.

E. A. TONJES,

H. A. MELVILLE,
Special Attorneys, Bureau of
Internal Revenue.

Received and filed Aug. 19, 1947, T.C.U.S.

[Title of Court and Cause.]

STIPULATION

It is hereby stipulated and agreed by the parties to the above-entitled proceeding by their respective counsel, as follows:

A. Stipulations Concerning Agreed Portions of the Case

As set forth below, the parties hereto have stipu-

lated with respect to disposition of the issues set forth in the Petition as paragraph 4, subparagraphs (1), (2), (3), (4), (5), (6), (7), (10), (11), (12), (13) and (14). These are set forth below in paragraphs numbered to correspond with said subparagraphs of paragraph 4 of the Petition, the stipulations and agreements of the parties with respect to these issues.

It is hereby stipulated and agreed that the Court may find as follows:

(1) The value of 100 shares owned by decedent of capital stock of Myron Selznick, Ltd., a New York corporation, was \$26,000 on the date of death of the decedent.

(2) The value of 1000 shares owned by the decedent of capital stock of United Studios, Inc., a Delaware corporation, was \$6,800 on the date of decedent's death.

(3) The value of commissions payable by clients whom decedent represented as agent, referred to as Item 54 in the statement accompanying the 90-Day Letter, on the date of decedent's death was \$137,774.

(4) The value of the claim of decedent for commissions receivable under a contract between Myron Selznick and Myron Selznick, Inc., parties of the first part, and Leland Hayward, Leland Hayward, Inc., Leland Hayward Co., Ltd., Leeward Royalties, Inc., Nat Deverich and Hayward-Deverich, parties of the second part, referred to as Item 55 in the 90-Day Letter, was \$5,890.72 on the date of decedent's death.

(5) The value of the claim of decedent for commissions under an agency contract with Hunt Stromberg, was \$20,000 on the date of decedent's death.

(6) The value of a claim of decedent against Marguerite Roberts for commissions was \$3,250 on the date of decedent's death.

(7) A claim of decedent against Robert Donat for moneys advanced, on the date of decedent's death had no value.

(10) A claim of Florence A. Selznick against the decedent's estate in the amount of \$14,535.01 is not an allowable deduction for Federal estate tax purposes.

(11) A claim of Mildred Selznick against the decedent's estate in the amount of \$27,575 is allowable as a deduction for Federal estate tax purposes in the amount of \$20,681.

(12) and (13) Federal and State income taxes and State property taxes and interest thereon accrued prior to the date of decedent's death, and administration expenses incurred by the estate, not claimed in the estate tax return nor allowed in the 90-Day Letter, are properly deductible in an amount of \$33,589.79. In addition, if the following circumstances occur, further fees of counsel in the proceeding shall be allowed as an additional deduction, as follows:

If an appeal from this proceeding to the Ninth Circuit Court of Appeals is taken by either party hereto, an additional deduction for such fees of \$3,500 shall be allowed, upon proof of payment of same.

If either party thereafter applies for a writ of certiorari to the Supreme Court of the United States, a further deduction for such fees of \$1,000 shall be allowed, upon proof of payment of same.

If such a writ of certiorari is granted, a further deduction for such fees of \$2,500 shall be allowed, upon proof of payment of same.

Also with respect to this proceeding, the Petitioner has incurred or will incur other costs and expenses and the amount thereof (not exceeding a reasonable amount), if properly established by the Petitioner, will be allowed as a deduction in any computation made herein pursuant to Rule 50.

(14) Under the provisions of Section 813(b) of the Internal Revenue Code, as amended by Section 403 of the Revenue Act of 1939, and limited by Section 936(a) of the Internal Revenue Code, a credit for state inheritance taxes in the amount provided for by law shall be allowed to the petitioner any time prior to sixty days after the decision of The Tax Court herein becomes final, if proof of payment is established in accordance with the provisions of Section 81.9 of Regulations 105.

B. Stipulation of Facts with Respect to Issues 8 and 9 as to Which the Parties Are Still in Dispute.

The parties hereby submit to the Court for its decision the issues set forth in subparagraphs (8) and (9) of paragraph 4 of the Petition. It is hereby stipulated and agreed that all of the facts relevant to said issues are as follows:

1. On January 29, 1932, the decedent executed a Declaration of Trust naming the Citizens National Trust and Savings Bank of Los Angeles as trustee and said Bank accepted said trust, referring to it as Trust Number 6969. A copy of said Declaration of Trust is attached hereto as Exhibit 1-A.

2. The decedent transferred assets to said trust as follows:

a. On January 29, 1932, decedent transferred to the trust, assets (other than life insurance contracts) having a value on the date of decedent's death of \$152,951.83. After June 6, 1932, decedent transferred to said trust, assets (other than life insurance contracts) having a value on the date of decedent's death of \$130,817.79, which amount, it is stipulated and agreed, in any event is properly includible in decedent's gross estate (and which represents \$28.81 more than the amount reported in the estate tax return on account of such assets).

b. Decedent also transferred to said trust, life insurance contracts owned by him, copies of which are filed herewith as Exhibits, as follows:

Policy Number	Name of Issuing Insurance Company	Amount of Policy	Exhibit Number
4,330,590	Mutual Life Insurance Company.....	\$25,000	2-B
10,484,859	New York Life Insurance Company..	\$25,000	3-C
10,484,860	New York Life Insurance Company..	\$25,000	4-D
10,541,918	New York Life Insurance Company..	\$50,000	5-E
62,036	Peoples Life Insurance Company.....	\$25,000	6-F
63,287	Peoples Life Insurance Company.....	\$ 5,000	7-G
108328-R	Indianapolis Life Insurance Co.....	\$10,000	8-H
102,324	Indianapolis Life Insurance Co.....	\$10,000	9-I
109,395	Indianapolis Life Insurance Co.....	\$ 5,000	10-J

Attached to said life insurance contracts included in the aforesaid exhibits are true copies of instruments

of assignment executed by decedent on the dates shown on said instruments and delivered by decedent to said trustee on said dates. The total proceeds of said life insurance contracts, as of the date of decedent's death, were \$188,275.31, of which the portion allocable to premiums paid prior to January 10, 1941, was \$148,805.10, and the portion allocable to premiums paid after said date was \$39,470.21, which latter sum, it is stipulated and agreed, is in any event, includible in decedent's gross estate (and which represent \$62.63 more than the amount reported in the estate tax return on account of said insurance).

3. As set forth in the Declaration of Trust (Exhibit 1-A, Article VII), the net income of said trust was to be paid to Myron Selznick. Attached hereto as Exhibit 11-K is a statement showing the dates and amounts of all payments made by the trustee under said trust to Myron Selznick, from the date of creation of the trust to the date of decedent's death. On the date of decedent's death there were \$1138.36 of income of said trust on hand with said trustee which had accrued and which had not been distributed to the decedent.

4. It is hereby stipulated and agreed that, depending upon the Court's decision with respect to the trust, as shown below, the amounts includible in gross estate on account thereof will be as follows:

a. If the Court finds that neither the non-insurance assets nor the life insurance contracts transferred to the trust prior to June 6, 1932, are

includible in gross estate, the amount includible in gross estate on account of said trust is \$170,288 (which is \$91.44 more than the amount included on account thereof in the estate tax return).

b. If the Court finds that the non-insurance assets transferred to the trust prior to June 6, 1932, are not includible in gross estate but that the life insurance contracts transferred to the trust prior to June 6, 1932, are includible in gross estate, then the amount includible in gross estate on account of said trust is \$319,093.10.

c. If the Court finds that all of the assets transferred by decedent to said trust (including both non-insurance assets and insurance contracts) are includible in gross estate, the amount includible in gross estate on account thereof is \$472,044.93.

Dated November 29, 1948.

/s/ LUCIEN W. SHAW,

Counsel for Petitioner.

/s/ CHARLES OLIPHANT,

Chief Counsel, Bureau of Internal Revenue, Counsel for Respondent.

Filed Nov. 29, 1948. T.C.U.S.

EXHIBIT 1-A

Citizens National Trust & Savings Bank

Trust No. 6969

Declaration Of Trust

Know All Men By These Presents: That the Citizens National Bank of Los Angeles, a national banking association, with its principal office at Los Angeles, California, hereinafter called Trustee, does hereby admit, certify and declare that Myron Selznick, a resident of Beverly Hills, California, hereinafter called Trustor, has conveyed, transferred and delivered to the said Trustee the sum of One Hundred Thousand and (\$100,000.00) Dollars lawful money of the United States, hereinafter sometimes referred to as "money and/or securities"; that in addition thereto, the said Trustor has assigned to the said Trustee, as Trustee, certain insurance policies, a schedule of which is attached hereto, marked Exhibit "A", and by this reference made a part hereof as if herein fully set forth.

It is agreed that no consideration was given by said Trustee for the delivery to it of said sum of money and/or said securities, and that the same has been so received and accepted by it and will be hereafter held by it in trust, under the terms and conditions set forth in this Declaration, and that the proceeds of any and all of said policies of insurance. (including any other policies upon the life of the Trustor which may or shall be hereafter delivered and made payable to the Trustee), shall be held by the Trustee In An Irrevocable Trust for the follow-

ing uses and purposes, and subject to the conditions and reservations and upon the trusts following, to-wit:

Article I.

It is an express condition of this trust that the Trustee shall not be responsible nor assume any liability for the nature, value or extent of its title to any sum of money, securities or other property accepted In Trust hereunder, or any securities and/or other property that may hereafter be delivered to it and added to this trust, as hereinafter provided, nor for any adverse or conflicting claims of interest therein of other persons, nor for the value, validity or collectibility of any securities or notes or other paper received by it; but that its only liability shall be for such right, title and interest as it may have received or hereafter acquire under any conveyances, assignments and transfers, and for such sums as it may collect from any property received by it.

Article II.

The Trustor agrees that as to the insurance policies delivered to the Trustee or which may hereafter be delivered to it:

To cause each and every policy intended to be made subject to this agreement and the trusts hereunder to be made payable to the Trustee by sufficient designation as beneficiary thereof, or in such other manner as the parties hereto and any insurer shall agree, and the Trustee assumes no responsibility for the sufficiency or effect of any in-

strument or agreement by which any policy shall be made payable to it.

Article III.

Said Trustee is authorized and empowered to retain and hold, subject to the provisions hereof, said sums of money and securities, and also any additional property and/or securities the Trustor may from time to time add to the principal of this trust, at the risk of the trust estate and not at the risk of the Trustee, and without liability for decrease in the value of such property or securities. Said Trustee is hereby given full power of sale and exchange in connection with the property and securities from time to time comprising the principal of this trust, and is authorized and empowered from time to time, subject to the restrictions hereinafter set forth, to invest, reinvest, loan and reloan the proceeds and cash principal in any securities, properties and investments permissible by law for investment of trust funds, and upon such terms and conditions which said Trustee may deem to be for the best interests of this trust; said Trustee to use reasonable precaution to protect all persons interested in this trust from loss by reason of such loans or investments.

During the lifetime of the Trustor, Myron Selznick, no sale or exchange of property which may at any time comprise the principal of the trust estate, and no change in the investments of the principal of the trust estate, shall be made by the

Trustee except on the written order and direction of said Trustor or his duly authorized agent, —, and said Trustor during his lifetime hereby reserves for himself and/or his agent to be designated from time to time, the right to direct, in writing, said Trustee as to the investment of all cash principal, in any securities and/or property whether or not the same may be approved and permissible by law for investment of trust funds under the laws of the State of California. After the death of Trustor said Trustee shall only sell, exchange, invest and reinvest in securities permissible by law for investment of trust funds as above provided upon the written approval of any two of the Trustee, David O. Selznick and Loyd Wright, and upon the death of either the said David O. Selznick or Loyd Wright, then upon the approval of the survivor of them; and/or if all of the above named persons should have previously died and/or refused or neglected to act within a reasonable time upon the request of said Trustee, then in the absolute and uncontrolled discretion of said Trustee. The Trustee shall be fully protected in respect of any sales, exchanges, investments and reinvestments as shall be directed by the Trustor and/or the said David O. Selznick and Loyd Wright, and it shall not be liable or responsible in any way for depreciation or loss incurred by reason of any such sales, exchanges, investments or reinvestments. Notwithstanding anything herein to be contrary, said Trustee shall invest neither principal nor income

from the corpus or said trust estate in any securities underwritten by the said Trustee, or in which the said Trustee is directly or indirectly interested. The Trustor hereby reserves the right by written instrument filed with the Trustee, to revoke said appointment of David O. Selznick and/or Loyd Wright, and to substitute other persons to act for and in lieu of David O. Selznick and/or Loyd Wright, in the capacities herein in this paragraph provided for them to act.

Said Trustee may, if it so elects, cause any and all shares of corporate stock, now or that may hereafter become subject to this trust, to be transferred into the name of the Trustee, as Trustee under its Trust No. 6969, and either name the beneficiaries in the corporate certificate and/or furnish said corporation with the names of the beneficiaries and/or a certified copy of the Declaration of Trust; or hold said corporate stock in this trust without transfer into its name, and/or it may hold the same in the name of the Trustor and/or the name of the beneficiaries.

All dividends accruing on shares of the capital stock of any corporation which form a part of the principal of the trust estate and payable in shares of such corporation, shall be deemed principal. Where the Trustee shall have the option of receiving a dividend either in cash or in shares of the declaring corporation, it shall be considered cash dividend and deemed income irrespective of the

choice made by the Trustee. All rights to subscribe to the shares or other securities or obligations of a corporation accruing on account of the ownership of shares in such corporation and the proceeds of any sale of such rights, shall be deemed principal.

Said Trustee is directed to charge all premiums on investments and to credit all discounts on investments against or to principal, as the case may be, and not against or to income. In all other cases said Trustee is hereby vested with absolute and uncontrolled discretion and power to determine what shall constitute principal of the trust estate or the gross income therefrom, or net income available for distribution under the terms of this trust; and it may also, at its discretion, and subject to first obtaining the consent of the Trustor, if living, and the said David O. Selznick and Loyd Wright, if Trustor be dead, or if they be dead, then in its discretion alone, improve any real property subject to this trust, build, alter, or repair any improvements thereon, of such character, amount, cost, and from such funds or property subject to this trust as it may deem advisable.

Said Trustee may loan or advance its own funds to the trust estate, for any trust purpose, at prevailing rates of interest, which loan or advancement shall thereupon become a first lien on the entire trust estate as to both principal and income and be repaid to said Trustee before any other payments or distributions herein provided for shall be made.

Article IV.

If the Trustee hereunder shall resign under the right so to do which it hereby expressly reserves for itself and its successor or successors in office, the successor Trustee shall be appointed by any court of competent jurisdiction in the County of Los Angeles, California, acting upon or in response to the petition of the resigning Trustee and/or the Trustor, if living, and/or any beneficiary.

Article V.

The trusts hereunder created and declared shall be subject to the following conditions and agreements:

(a) To the extent that it shall be deemed necessary by the Trustee to disclose the contents of this agreement to any insurance or other company or companies for any purpose of the trust, or in the event of any proceedings in any court of competent jurisdiction to enforce any of the provisions of this agreement or to appoint another Trustee, or in any controversy effecting this trust, the Trustor waives the provisions of Section 103 of the Bank Act of the State of California and any similar laws hereafter enacted or declared.

(b) If any provision of this agreement shall be found invalid, such invalidity shall be without effect upon any of the other provisions hereof, and each and every valid provision and agreement hereunder shall be deemed separate and distinct from any invalid provision.

(c) Any tax arising from the transfer, vesting or

passing of any interest in the trust estate shall be paid out of the principal of the taxable share or interest. All other taxes payable shall be paid out of principal and charged by the Trustee as in its discretion it deems fair and equitable.

(d) Whenever the trust estate or any portion thereof shall be distributable, the Trustee, in its discretion, may transfer and deliver to any beneficiary in the form in which then held in trust estate, securities and investments at the then fair market value thereof equivalent in amount to the distributable share or interest, or may convert the trust estate or any part thereof into cash for distribution.

(e) In all matters of interpretation, whenever necessary to give effect to any provision of this agreement, the masculine shall include the feminine and the singular shall include the plural.

(f) This trust has been created, declared and accepted by the Trustee in the State of California and shall be interpreted and enforced in accordance with the laws of said State.

(g) The terms "policy" and "policy of life insurance," whenever used in this agreement, shall include all forms of insurance upon the life of the Trustor, including accident insurance payable in the event of his death.

(h) Each and every beneficiary of the trusts hereunder created and declared, including the Trustor, shall have no right, title or authority to assign, transfer, hypothecate or otherwise antici-

pate, impair, or encumber his or her beneficial and/or legal interest in the trust estate, and no instrument of attempted assignment, transfer, or hypothecation thereof shall be effective for any purpose whatsoever, and neither the principal nor the income of the trust estate, nor any part thereof, shall be liable for the debts of any beneficiary nor be subject to attachment, execution or other process of any court.

(i) It is agreed that the Trustee shall not be responsible for any act or omission hereunder unless same constitutes gross negligence, nor shall it be required to bring or defend suit hereunder, unless indemnified to its own satisfaction.

(j) It shall be the duty of every beneficiary to whom the Trustee is directed to make payment or distribution of any kind hereunder to notify the Trustee of the happening of the event or events by which such beneficiary becomes entitled to receive same and to furnish reasonable proof thereof.

(k) The Trustor warrants, represents and states that he is solvent and that there are no judgments against him, and that he has created this irrevocable trust without intent to hinder, delay or defraud any creditor; that, in so far as the provisions hereof may provide that the income shall be payable to the Trustor, he shall, for the purposes of the provisions of this Declaration of Trust and as to said income, be deemed and construed a beneficiary.

Article VI.

From the gross income derived from the trust

estate or from the principal thereof, if the income is insufficient, the Trustee shall first pay and discharge, as and when due, any and all taxes, assessments, advancements and other expenses of every kind and nature expended or incurred in the management and protection of the trust estate and of this trust, and the payment when due of any and all income taxes, inheritance taxes and estate taxes levied or assessed upon the trust estate and/or the beneficiaries hereunder or the income therefrom, and shall, after sufficient cash or other securities have been deposited in this trust so that the income therefrom shall be sufficient, (until such time the Trustor agrees to pay said premiums himself), also pay any and all premiums on life insurance policies and/or contracts which may be transferred and/or delivered by the Trustor to the Trustee pursuant to the terms hereof, and also pay to itself a compensation for its own services as Trustee, as follows:

(a) A sum equal to one-tenth of one per cent ($1/10$ th of 1%) of the reasonable value of the trust estate for the acceptance of this Declaration of Trust and other instruments in relation hereto, and a like sum for any additions that may be hereafter made to the principal of this trust. Minimum fee Twenty-Five Dollars (\$25.00).

(b) An annual compensation, payable quarterly, equal to three-fifths of one per cent ($3/5$ of 1%) of the reasonable value of the principal of the trust estate, for its ordinary and usual duties as said Trustee.

(c) A sum equal to one per cent (1%) of the reasonable value of the principal of the trust estate for the termination, distribution, closing and settlement of this trust according to the terms hereof.

(d) A reasonable compensation for any unusual or extraordinary services rendered by it as Trustee hereunder, to be fixed by court.

Article VII.

This Trust is irrevocable. The entire net income received and derived from the trust estate and available for distribution hereunder shall be by said Trustee paid monthly or in other convenient installments as directed by the Trustor to Myron Selznick for and during his lifetime; the said Myron Selznick, however, reserves the right to direct the Trustee from time to time to credit, keep and add any and all income which, pursuant to the terms hereof, may be payable to him, to the principal of the corpus of the trust estate, by giving written instructions from time to time so demanding.

Article VIII.

From and after the death of the said Myron Selznick, the entire net income received or derived from the trust estate and available for distribution hereunder shall go and be paid by said Trustee in equal monthly installments, as follows:

(a) So long as the net distributable income received from the corpus of the trust estate does not exceed Fifteen Thousand (\$15,000.00) Dollars per annum, the net income shall be distributed:

1. One-half ($\frac{1}{2}$) of the net income shall be payable to the widow of the Trustor, if living, and to the issue of the body of the Trustor surviving, share and share alike. In this connection, the natural guardian surviving of the issue of the body of the Trustor shall, during the minority of any such issue, receive the share herein provided to be paid such issue during his or her minority.

2. Of the remaining one-half ($\frac{1}{2}$) of the net income, for and during the lifetime of the mother and father of the Trustor, Fifty Per cent (50%) of said remaining one-half shall be payable in monthly installments to each of L. J. Selznick, the father of Trustor, and Florence A. Selznick, the mother of Trustor, and upon the death of either of them the survivor of the said father and mother of the Trustor shall receive, during his or her lifetime, all of the one-half of the net income herein in the sub-paragraph 2 referred to. The Trustor has left no provision herein for his brother David, or his brother Howard and his family, during the life of either his father and/or mother, for the reason that he has full faith and confidence in the fact that his mother and father will should necessity require, as they have always done, amply provide for the said David and the said Howard and his family, from the moneys they receive from this trust.

Upon the death of the last survivor of the said mother and father of the Trustor, the remaining one-half of the net income referred to in this sub-paragraph 2, shall be divided as follows:

Fifty (50%) Per Cent thereof to David O. Selznick, brother of Trustor, and the remaining fifty (50%) per cent to Howard Selznick, the brother of Trustor, and the children of Howard Selznick, share and share alike, subject to the following conditions: As to Howard Selznick, as long as he shall live, and to the children of Howard Selznick as long as each shall remain single, during the life of this trust. Upon any child of Howard Selznick marrying, then such child shall be entitled to receive his or her share of said income for one year thereafter. After the expiration of one year from the date of such child's marriage, he or she shall have no further interest in the income, as provided in this paragraph. The share of the net income to be payable to the surviving children of the said Howard Selznick shall, during their minority, at all times be payable to the guardian of the estate of each of said children. When and as each of the children of said Howard Selznick marry, she or he shall be paid by the Trustee Twenty Five Hundred (\$2,500.00) Dollars, from the principal of the corpus of the trust estate, which shall be charged against that portion of the principal from which the said Howard Selznick and his children receive their share of the net income of the corpus of the trust estate. (In this connection, Trustor states that his brother Howard, at the date of the execution of this trust, has two children, Ruth Selznick and Florence Selznick, nieces of the Trustor. He intends to make provisions and has drawn this instrument

in contemplation of the fact that said Howard Selznick may have other issue of his body.) Upon the death of the said Howard Selznick, or any of his children, the income to which the one so deceased would be entitled, if living, shall, during the lifetime of the survivor or survivors, (subject to the qualifications hereinafter set forth), be paid to such survivor or survivors. In this connection, notwithstanding anything herein in this document to the contrary, the children of the said Howard Selznick, upon marriage, shall be entitled to receive their share of the income herein provided to be paid them, for one year after his or her marriage only, and upon the termination of said one year period, that portion otherwise payable to such child as shall have married, shall be distributed to the said Howard Selznick and the other of his children who may then survive and be unmarried, and upon the expiration of the said one year period for the last of said children of Howard Selznick who may marry, and upon the death of the said Howard Selznick, or upon the death of the last survivor of the said Howard Selznick and his children should they not marry, or any of them not marry, the income herein provided to be paid to the said Howard Selznick and/or his children shall be paid to the widow of the Trustor, if she survives; if not, to the daughter of the Trustor, Joan Selznick, and/or if he leaves more than one issue of his body, to his issue, (including Joan Selznick), share and share alike.

Upon the death of the said David O. Selznick, that portion of the net income hereinbefore provided to be paid to him shall likewise be payable to the said wife of the Trustor, and if she does not survive the said David O. Selznick, then to the child or children of the said Trustor, share and share alike, if there be more than one.

Upon and after the death of the widow of the Trustor, if she survives him, and/or if she predeceases Trustor, then upon the Trustor's death, one-half ($1\frac{1}{2}$) of the net income of the corpus of the trust estate (and balance of income of the corpus of the trust estate if she then be receiving or be entitled to the same pursuant to the terms hereof), shall be payable to Joan Selznick, daughter of the Trustor, or, if there be more than one issue of the body of the Trustor surviving, then to his issue share and share alike, until the death of the last survivor of David O. Selznick, Howard Selznick, L. J. Selznick, Florence A. Selznick, Ruth Selznick, and Florence Selznick, and upon the death of the last survivor of them the trust shall cease and determine and the principal and undistributed income shall be payable as follows:

(a) To the issue of the body of Myron Selznick, Trustor, share and share alike, and to the children of any deceased issue per stirpes and by the right of representation.

(b) If there be no such issue as referred to in the foregoing sub-paragraph 2, to the following named charitable institutions, to-wit: Los Angeles Orthopedic Hospital for Children.

The Trustor reserves the right to change or substitute, from time to time, the said charitable institutions, by giving notice of such change or substitution to the Trustee in writing.

Notwithstanding anything herein to the contrary, if and in the event the said Trustor dies without leaving surviving a widow, and in the event Joan Selznick and any other issue of the body of Myron Selznick shall predecease David O. Selznick and/or Howard Selznick and/or Ruth and Florence Selznick, and the said Joan or other issue of Myron Selznick leave no issue, then the net income derived from the said trust estate shall be distributed and paid as follows:

(a) The whole of the net income shall be payable to L. J. Selznick and Florence A. Selznick, share and share alike, or the survivor of them, during their lifetime.

(b) Upon their death, and so long as David O. Selznick survives, Fifty (\$50.00) Dollars per week to each of said Howard Selznick and his children, share and share alike, and the balance and remainder to David O. Selznick.

(c) Upon the death of Howard, if David survives, Fifty (\$50.00) Dollars per week to each of the surviving children of Howard Selznick, during their lifetime, subject to the qualification, however, that if any of the children of Howard Selznick shall marry, then the share of the income received by said child or children as does marry shall only last for a period of one year after his or her marriage, and thereafter the portion of the income to which such child or children would otherwise have been entitled shall go to David O. Selznick, and provided further, that the balance and remainder of such net income, after deducting the Fifty (\$50.00) Dollar payments to Howard and the survivors of his children, subject to the foregoing qualifications, shall likewise go and be paid to David O. Selznick, so long as he survives them.

(d) If David O. Selznick predeceases them, the net income shall be payable to the said Howard and/or his children, or the survivor of them, share and share alike, during their lifetime, and upon the death of the last of the survivor of Howard Selznick and his children the trust shall cease and determine and the principal and undistributed income of the trust estate shall be made payable and shall by the Trustee be transferred, set aside, and conveyed to the following named charitable institutions, to-wit: Los Angeles Orthopedic Hospital for Children.

The Trustor reserves the right to change or substitute, from time to time, the said charitable insti-

tutions, by giving notice of such change or substitution to the Trustee in writing.

Notwithstanding anything herein to the contrary, if and in the event the net income from said trust estate exceeds an average of Fifteen Thousand (\$15,000.00) Dollars per year, but does not exceed Thirty Thousand (\$30,000.00) Dollars average net income per year, then and in such event only, the foregoing provisions shall be changed in the following particulars, and in no others, to-wit:

The children of Howard Selznick shall each receive upon their marriage Five Thousand (\$5,000.00) Dollars instead and in lieu of Twenty Five Hundred (\$2,500.00) Dollars each, and they shall receive Fifty (\$50.00) Dollars per week in lieu of the net income hereinbefore provided for them, and under such circumstances and at the times only when they are hereinbefore provided to receive their portion of said net income. Notwithstanding anything herein to the contrary, the surplus over and above an average annual income of Thirty Thousand (\$30,000.00) Dollars per annum derived from said trust estate and all such surplus shall be payable as follows:

(a) To the widow of the Trustor, during her lifetime.

(b) Upon her death, to Joan Selznick, if she survives, and other issue of the body of Myron Selznick, if any there be and if any survive, share and share alike, or to the issue of such child by right of representation.

(c) If there be no widow of the Trustor surviving and all issue of the Trustor shall die without leaving issue, then said surplus shall be paid to L. J. Selznick and Florence A. Selznick, father and mother, respectively, of the Trustor, if living, or to the survivor of them, and thereafter to the brother David O. Selznick, if living, and upon his death shall be accumulated and added to the principal of the trust estate.

Article IX.

Notwithstanding anything herein to the contrary, it is the intention, desire, and the Trustor hereby directs, that if and in the event, and under any circumstance, his legal wife survives him as his widow, and after his death she should remarry, then any and all income herein provided to be paid her shall be divided and she shall receive one-half ($\frac{1}{2}$) only, of the moneys, (either income or principal), when and as, pursuant to the terms hereof, she is entitled to receive the same, and the remaining one-half of such principal and/or income hereinbefore provided to be paid her shall be paid and/or distributed in the same manner as is hereinbefore provided in the event the wife of the Trustor shall have predeceased the Trustor.

Article X.

The Trustor declares that he is married; that his wife's name is Marjorie Daw Selznick; that there is at the time of executing this irrevocable Declaration of Trust, one issue of said marriage, Joan

Selznick. Trustor wishes to provide, however, and makes this Declaration of Trust in contemplation of the fact that there may be more than one issue of his body, and for that reason has throughout this instrument made provision for the said Joan's share of her interest herein with any other issue of his body, share and share alike.

Article XI.

Notwithstanding the fact that this Declaration of Trust is irrevocable, the Trustor, for himself and on behalf of the beneficiaries, reserves the right to petition any court of competent jurisdiction at any time and from time to time to amend and/or construe the same; provided, however, that no amendment shall change the provisions of this trust which shall have the effect or which is intended to or shall cause the same to be construed to be or amend it to be a revocable trust rather than an irrevocable one.

The Trustor reserves the absolute right to cancel or cause to be cancelled, and revoke or cause to be revoked, any of the insurance policies herein referred to, or which may hereafter be added to this Trust, provided that he first obtain the written consent of any two of the following, to-wit: The Trustee, David O. Selznick and Loyd Wright; provided further, that upon any cancellation any cash surrender values received on any such policies, shall remain in and/or be added to the corpus of this Trust.

Article XII.

Notwithstanding anything herein to the contrary, this trust shall terminate upon the death of the last survivor of the Trustor, Marjorie Daw Selznick, Joan Selznick, David O. Selznick, Howard Selznick, L. J. Selznick, father of the Trustor, Florence A. Selznick, mother of the Trustor, and Ruth and Florence Selznick, nieces of the Trustor, all of whom are now living, and the trust estate distributed as hereinbefore provided.

Article XIII.

Any income accrued or undistributed at the termination of any trust or estate hereunder, shall belong and go to the beneficiary or beneficiaries entitled to the next eventual estate, in the same proportions as the principal hereof, provided, however, that it is an express condition of the trust herein created, which shall take precedence over any and all other provisions herein relative to the distribution of the trust estate, that the Trustee is authorized and empowered and may in its sole and absolute discretion, although it is not obligated so to do, from the net income and/or principal of the trust estate and in such manner as to it may seem equitable and just, pay a reasonable sum toward defraying either in whole or in part the expenses of the last illness and of the funeral of the Trustor and/or any specifically named or contingent beneficiary or beneficiaries under said Trust.

Article XIV.

Wherever in this agreement it is provided that the Trustee shall cease making payments to any beneficiary upon the happening of any contingency, such as marriage or otherwise, it shall not be bound or responsible by making payment pursuant to the terms of this trust to any beneficiary or other person interested in this trust, until notified in writing and due proof satisfactory to the Trustee, of the happening of such contingency as pursuant to the terms hereof operates to change the payments theretofore in effect.

In Witness Whereof, said Citizens National Trust & Savings Bank of Los Angeles, as Trustee, has caused its corporate name to be subscribed and its corporate seal to be affixed hereunto by its Vice-President and Assistant Trust Officer thereunto duly authorized, this 29 day of January, 1932, at Los Angeles, California.

CITIZENS NATIONAL TRUST
& SAVINGS BANK OF LOS
ANGELES, as Trustee,
By HALCOTT B. THOMAS,
Vice-President.
VICTOR T. JOHNSON,
Assistant Trust Officer.

I, the Undersigned, Myron Selznick, hereby certify that I am the person named in the above and foregoing Declaration of Trust, and therein called Trustor; that I fully understand that this Declara-

tion of Trust is irrevocable; that said Declaration of Trust fully and accurately sets out the terms and trusts under and upon which the property therein mentioned is to be held, managed and disposed of by the Trustee therein named, and I do hereby agree, consent to, approve, ratify and confirm the same in all particulars.

Dated at Los Angeles, California, this 29 day of January, 1932.

MYRON SELZNICK,
Trustor.

I, the Undersigned, Marjorie Daw Selznick, wife of Myron Selznick, the Trustor in the above and foregoing Declaration of Trust, having read said Declaration of Trust in its entirety and clearly understanding the same, do hereby accept the terms and provisions of said trust, and I do hereby ratify, approve and confirm the same, and that I, by this instrument, do, pursuant to my right to contract, waive, relinquish and forever quitclaim any and all interest in and to the moneys and securities deposited or hereafter to be deposited by the said Myron Selznick in said Trust, and/or other property or securities, including insurance agreements, premiums paid thereon, as well as the proceeds thereof, when and as collected, and that each, all and every of the moneys, property, securities, insurance policies, and the proceeds thereof, I do hereby declare to be the separate and sole property of Myron Selznick. Nothing herein, however, shall

be constituted as a waiver of any rights which I may have by reason of the terms and conditions of said Trust, if any.

Dated at Los Angeles, California, this 29 day of January, 1932.

MARJORIE DAW SELZNICK.

EXHIBIT "A"

No. 192324

The Indianapolis Life Insurance
Company of Indianapolis, Indiana \$10,000.00

No. 62036

Peoples Life Insurance Company.. 25,000.00

No. 63287

Peoples Life Insurance Company.. 5,000.00

No. 10484859

New York Life Insurance Company 25,000.00

No. 10484860

New York Life Insurance Company 25,000.00

No. 4330590

The Mutual Life Insurance Com-
pany of New York 25,000.00

No. 10541918

New York Life Insurance Company 50,000.00

Policies taken out since the above exhibit was
made out

No. 109395

The Indianapolis Life Insurance
Company of Indianapolis, Indiana 5,000.00

No. 108328-R

The Indianapolis Life Insurance
Company of Indianapolis, Indiana 10,000.00

EXHIBIT 11-K

Statement of Payments of Net Income to Myron Selznick from Trust Number 6969, made by Citizens National Trust and Savings Bank of Los Angeles as Trustee.

Date	Amount of Payment
July 1, 1932	\$ 431.34
January 11, 1933	1589.04
April 10, 1933	1624.21
September 2, 1933	811.03
December 5, 1933	819.47
January 2, 1934	146.97
April 6, 1934	2410.62
August 16, 1934	1422.41
September 5, 1934	1334.95
November 2, 1934	1262.59
December 2, 1934	459.22
February 1, 1935	2448.77
March 4, 1935	716.00
May 2, 1935	1879.53
August 7, 1935	2376.99
September 4, 1935	544.65
November 4, 1935	436.68
December 4, 1935	1571.99
January 4, 1936	23.98
February 4, 1936	714.90
May 2, 1936	480.00
June 2, 1936	100.00
July 3, 1936	1357.59
August 3, 1936	3244.81

September 3, 1936	500.00
September 21, 1936	71.53
October 7, 1936	1212.46
November 6, 1936	457.40
January 9, 1937	3626.45
February 5, 1937	3700.93
March 3, 1937	30.17
May 5, 1937	2556.27
July 6, 1937	153.07
August 6, 1937	6840.00
September 3, 1937	10010.00
April 11, 1940	20678.36
June 5, 1940	745.04
November 8, 1940	700.00
March 18, 1942	1000.00

The Tax Court of the United States

Docket No. 14985

ESTATE OF MYRON SELZNICK, Deceased,
BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION, DAVID O.
SELZNICK and CHARLES H. SACHS, Ex-
ecutors,

Petitioners,

vs.

COMMISSIONER OF INTERNAL REVENUE,
Respondent.

Held, property transferred to a trust under which
the life estate in the income was reserved to
the donor is includible in the gross estate of
deceased donor under section 811 (c), I.R.C.
Francois L. Church, . . . U.S. . . . (January 17,
1949).

LUCIEN W. SHAW, ESQ.,
For the Petitioners.

E. A. TONJES, ESQ.,
For the respondent.

MEMORANDUM OPINION

Van Fossan, Judge.

The respondent determined a deficiency in estate
tax of \$384,634.05 consequent upon his holding,
inter alia, that property transferred to a certain
trust should be included in the gross estate of de-
cedent, pursuant to section 811 (c), I.R.C.

The parties entered into an extensive stipulation by which numerous issues were disposed of. Such stipulation is incorporated herein by reference and adopted as formal findings of fact. Effect will be given to such stipulations in the recomputation consequent hereon. The following facts were stipulated or appear from the pleadings:

Bank of America National Trust and Savings Association, a national banking association, David O. Selznick and Charles H. Sachs are the duly appointed and acting executors of the last will and testament of Myron Selznick, who died on March 23, 1944.

The Federal estate tax return of the estate of said decedent was duly filed with the collector of internal revenue for the sixth district of California on June 22, 1945, and the sum of \$294,099.92 was paid to said collector on said date as Federal estate tax of said estate.

On January 29, 1932, the decedent executed a Declaration of Trust naming the Citizens National Trust and Savings Bank of Los Angeles as trustee and said bank accepted said trust, referring to it as Trust No. 6969.

Article VII of the trust agreement reads as follows:

This Trust is irrevocable. The entire net income received and derived from the trust estate and available for distribution hereunder shall be by said Trustee paid monthly or in other convenient installments as directed by the Trustor to

Myron Selznick for and during his lifetime; the said Myron Selznick, however, reserves the right to direct the Trustee from time to time to credit, keep and add any and all income which, pursuant to the terms hereof, may be payable to him, to the principal of the corpus of the trust estate, by giving written instructions from time to time so demanding.

Article XI reads as follows:

Notwithstanding the fact that this Declaration of Trust is irrevocable, the Trustor, for himself and on behalf of the beneficiaries, reserves the right to petition any court of competent jurisdiction at any time and from time to time to amend and/or construe the same; provided, however, that no amendment shall change the provisions of this trust which shall have the effect or which is intended to or shall cause the same to be construed to be or amend it to be a revocable trust rather than an irrevocable one.

The Trustor reserves the absolute right to cancel or cause to be cancelled, and revoke or cause to be revoked, any of the insurance policies herein referred to, or which may hereafter be added to this Trust, provided that he first obtain the written consent of any two of the following, to wit: The Trustee, David O. Selznick and Loyd Wright; provided further, that upon any cancellation any cash surrender values received on any such policies, shall remain in and/or be added to the corpus of this Trust.

The decedent transferred assets to said trust as follows:

On January 29, 1932, decedent transferred to the trust, assets (other than life insurance contracts) having a value on the date of decedent's death of \$152,951.83. After June 6, 1932, decedent transferred to said trust, assets (other than life insurance contracts) having a value on the date of decedent's death of \$130,817.79, which amount, it is stipulated and agreed, in any event is properly includible in decedent's gross estate (and which represents \$28.81 more than the amount reported in the estate tax return on account of such assets).

Decedent also transferred to said trust, life insurance contracts owned by him, as follows:

Policy Number 4,330,590, Mutual Life Insurance Company, \$25,000.

Policy Number 10,484,869, New York Life Insurance Company, \$25,000.

Policy Number 10,484,860, New York Life Insurance Company, \$25,000.

Policy Number 10,541,918, New York Life Insurance Company, \$50,000.

Policy Number 62,036, Peoples Life Insurance Company, \$25,000.

Policy Number 63,287 Peoples Life Insurance Company, \$5,000.

Policy Number 108,328-R, Indianapolis Life Insurance Company, \$10,000.

Policy Number 102,324, Indianapolis Life Insurance Company, \$10,000.

Policy Number 109,395, Indianapolis Life Insurance Company, \$5,000.

Attached to the life insurance contracts are true copies of instruments of assignment executed by decedent on the dates shown on such instruments and delivered by him to the trustee on such dates. The total proceeds of said life insurance contracts, as of the date of decedent's death, were \$188,275.31, of which the portion allocable to premiums paid prior to January 10, 1941 was \$148,805.10, and the portion allocable to premiums paid after said date was \$39,470.21, which latter sum, it is stipulated and agreed, is in any event, includible in decedent's gross estate (and which represent \$62.63 more than the amount reported in the estate tax return on account of said insurance).

As set forth in the Declaration of Trust, the net income of said trust was to be paid to Myron Selznick. Attached thereto is a statement showing the dates and amounts of all payments made by the trustee under said trust to Myron Selznick, from the date of creation of the trust to the date of decedent's death. On the date of decedent's death there were \$1,138.36 of income of said trust on hand with said trustee which had accrued and which had not been distributed to the decedent.

It was also stipulated if the Court finds that all of the assets transferred by decedent to said trust (including both non-insurance assets and insurance contracts) are includible in gross estate, the amount includible in gross estate on account thereof is \$472,044.93.

On the above facts and others appearing in the stipulation and exhibits, petitioners on brief contend that none of the assets transferred to the trust should be included in the taxable estate.

The brief was filed but a few days before the Supreme Court rendered its decision in *Commissioner v. Estate of Francois L. Church, Deceased*,—U.S.—(January 17, 1949). In that case the Supreme Court overruled *May v. Heiner*, 281 U.S. 238 and *Hassett v. Welch*, 303 U.S. 303, and ruled on facts closely paralleling in all substantial respects those here present that the reservation of life income is a decisive factor. The Court said:

***We hold that this trust agreement, because it reserved a life income in the trust property, was intended to take effect in possession or enjoyment at the settlor's death and that the Commissioner therefore properly included the value of its corpus in the estate.

No useful purpose will be served by discussion of the various technical and legalistic arguments advanced by petitioners in view of the devastating effect thereon of the Church case. Respondent is affirmed.

Decision will be entered under Rule 50.

Served April 1, 1949.

Entered April 1, 1949.

[Seal T.C.U.S.]

Received March 31, 1949 T.C.U.S.

[Title of Court and Cause.]

MOTION TO WITHDRAW MEMORANDUM
OPINION AND TO PERMIT FILING
OF PETITIONERS' SUPPLEMENTARY
BRIEF

Come now the petitioners by their attorneys Brady & Nossaman and Joseph D. Brady, Walter L. Nossaman and Lucien W. Shaw, and respectfully request that the court enter the following order:

That the memorandum opinion herein entered on April 1, 1949, be withdrawn and that the petitioners' supplementary brief to analyze the Church decision (submitted herewith) be filed.

As their reasons therefor petitioners respectfully represent to the court as follows:

1. Petitioners' Opening Brief was filed on or about January 10, 1949, within the time directed by the court at the trial of the case on November 29, 1948.

2. On February 2, 1949 this Court granted a motion of respondent for extension of time within which to file brief. Included in said motion as one of the grounds therefor was the following statement:

"4. The Supreme Court of the United States in two opinions promulgated January 17, 1949, *Commissioner of Internal Revenue v. Estate of Francois L. Church, Deceased*, *Edward E. Black, Executor*, and the case of the *Estate of Sidney M.*

Spiegel et al v. Commissioner of Internal Revenue, decided questions which in all probability will have a material bearing on the decision in this proceeding and respondent desires to give the applicability of the decisions in these cases careful consideration, which consideration cannot be given in the time remaining before the due date of the brief."

3. Petitioners therefore assumed that the Church case would be considered in connection herewith and that the appropriate time for petitioners to present to the Court their views thereon would be in petitioners' reply brief to respondent's brief referred to in said motion.

4. Respondent has never filed a brief herein and before petitioners were able to submit a supplementary brief to analyze the Church decision the memorandum opinion herein was received.

5. Petitioners respectfully submit that the decision in the Church case has no application to this case. The reasons for this conclusion are fully set forth in the supplementary brief accompanying this motion. The Court should have the benefit of petitioners' argument on this matter before any decision is entered herein.

Wherefore, it is prayed that the foregoing order be made by the court.

Dated: April 11, 1949.

/s/ JOSEPH D. BRADY,

/s/ WALTER L. NOSSAMAN,

/s/ LUCIEN W. SHAW,

Attorneys for Petitioners.

[United States Tax Court Stamp]: Denied April 14, 1949.

/s/ ERNEST H. VAN FOSSAN,
Judge.

Received and Filed April 13, 1949 T.C.U.S.

[Title of Court and Cause.]

MOTION FOR REVIEW BY THE COURT
OF REPORT OF A DIVISION

To The Presiding Judge Of The Tax Court Of the
United States:

Petitioners respectfully pray that the Presiding Judge exercise the discretion conferred on him by Section 118(b) I.R.C. and direct that the Memorandum Decision entered in the above proceeding on April 1, 1949 be set aside and that the matter be reviewed by the entire court.

The sole issue in this case is whether a trust created January 29, 1932 is includible in gross estate for Federal estate tax purposes. This issue in turn depends upon whether the trust is taxable because the grantor reserved income of the trust for a period ending before his death.

This petition for review is based upon the following grounds:

(1) Petitioners, through no fault of their own, were afforded no opportunity whatsoever to present arguments on the point relied upon as the only

basis for the Memorandum Opinion of the Division, entered April 1, 1949.

(2) The Memorandum Opinion of the Division entered April 1, 1949 is erroneously based solely on the citation of the decision in the Church case (January 17, 1949; 93 Law Ed. Adv. Ops. 310), which case actually has no relationship to this case.

1. Petitioners Given no Opportunity to Present Arguments on Basis of Memorandum Opinion.

In accordance with the order of the Court at the trial, the petitioners' opening brief was filed herein on or about January 10, 1949.

Seven days later, on January 17th, the Supreme Court entered its decision in the Church case. Petitioners were aware that the Church decision might be thought to have some bearing on this case. This was confirmed by respondent's Motion for Extension of Time to File Brief (granted by the Tax Court on February 2, 1949). This Motion was based on the plea that the Church decision just rendered would have some bearing on this case.

Petitioners' counsel promptly analyzed the Church decision. They reached the conclusion that the decision was not applicable and had no bearing upon this case and could not be used as a basis for decision against the petitioners. They even prepared a draft of language for a brief to demonstrate this point long before the decision of the Division herein.

Seeking to conform to orderly judicial procedure, petitioners' counsel believed that the proper time

to present this argument on the Church case was in a reply brief to respondent's brief. At the date of trial the Division had ordered respondent to file a brief and had ordered petitioners to file a reply brief. It seemed presumptuous for petitioners' counsel to file a further interim brief not directed by the Court when there was no need to do so. The petitioners' reply brief was the proper occasion for arguing this point.

Petitioners received no brief of the respondent at the time it was due and attempted, without success, through the Clerk of the Court to find out why.

Petitioners were therefore astounded, shortly after April 1, 1949, to receive the Memorandum Opinion of the Division, deciding the case solely in reliance on the Church decision. The Church decision has nothing to do with this case and petitioners had been ready, able and willing to demonstrate this conclusion for over a month before the Memorandum Opinion was entered. The opportunity to do so was wholly denied to them through some collaboration between the respondent (who apparently knew it was unnecessary for him to file a brief) and the Division which entered this Memorandum Opinion without giving petitioners the normal opportunity to be heard on this question.

Petitioners therefore respectfully urge that they were denied the opportunity to be heard on the point which became the sole basis of the Division's Opinion. This was true though petitioners were

guilty of no fault or negligence whatsoever and merely because they adhered to the orderly procedure of this Court instead of volunteering an interim brief on a question arising after the filing of their opening brief.

Since this issue involves a tax of over \$100,000 plus interest, the petitioners feel that they were thus deprived of a fair hearing on an important matter by this Court.

It is therefore respectfully requested that the Presiding Judge set aside this arbitrary Memorandum Opinion and have this case considered by the entire Court where petitioners' arguments on the sole point relied upon in the Division's Opinion may be examined.

2. Church Case has no Application Herein.

The Memorandum Opinion of the Division, entered April 1, 1949, relies solely upon the citation of the Church case. Neither the facts nor the decision in the Church case have any application herein.

The statute applicable to this case is Section 302(c), as amended by the Joint Resolution of March 3, 1931 (quoted in our opening brief on page 16 and in our supplementary brief on page 3).

As amended by the Joint Resolution of March 3, 1931, the statute provided for taxing a trust created thereafter if the decedent reserved the right to the income for life. Under this 1931 amendment, if it had been applicable, which it was not, the trust in the Church case would have been taxable.

In the trust in the present case decedent reserved to himself the right to income to be “paid monthly or in other convenient installments as directed by the trustor.” (Exhibit 1-A, Article VII, quoted on page 26 of our opening brief.) The trust further provided that the accrued and undistributed income of the trust at decedent’s death should “belong and go to the beneficiary or beneficiaries entitled to the next eventual estate.” (Exhibit 1-A, Article XIII, quoted on page 26 of our opening brief; underscoring supplied.)

Our contention from the beginning of this case has been that this was not a trust with income reserved for life. It was a trust with income reserved for the period ending on the date of the last payment of an installment of income prior to decedent’s death, which is not a right to income for life.

If this had been a trust with income reserved for life, it was unquestionably taxable under the applicable statute—the Joint Resolution of March 3, 1931. There is no question about this—there was no question about it from the beginning of this case and long prior to January 17, 1949, the date of the decision in the Church case.

The Church case involved a trust created in 1924 in which the decedent reserved the net income of the trust “during the term of his natural life.” There was nothing in the Church trust limiting the reservation of income to any period ending before the decedent’s death. The Church trust was created at a time when the statute (section 302 (c) of the

Revenue Act of 1924) provided only for including transfers "intended to take effect in possession or enjoyment at or after his death." The Court, therefore, in the Church case, was holding that under this language the reservation of a full life estate made the trust taxable. If the Church trust had been created after the Joint Resolution of March 3, 1931, it would clearly have been taxable and there would have been no occasion to take the matter to the Supreme Court of the United States.

The Church decision thus merely established the law prior to March 3, 1931 to be the same as it always has been after March 3, 1931, namely, that a trust with full life estate reserved to the grantor is taxable. We have never argued in this case that this was not the law after March 3, 1931.

What we have argued is that the Selznick trust did not create a full life estate. The decedent herein did not retain the right to the income of the trust for life but for a period ending before his death. We have argued and still argue that this prevents the trust from being taxable under a rule of law which taxes only trusts where the right to income is reserved for life. The Church case added nothing to this rule of law in our case, involving a trust after March 3, 1931. Therefore, our argument stands wholly unaffected by the Church case, which merely extended back the rule already applicable to trusts created after March 3, 1931.

The Congress in 1932 made a further change in the statute for the exact purpose of taxing a trust

like the one here involved. (Section 302(c), as amended by the Revenue Act of 1932, effective June 6, 1932.) That this was the exact purpose of the amendment appears from both House and Senate Committee reports. (House of Representatives Report #708, 72d Congress, 1st Session; Senate Report #665, 72d Congress, 1st Session. See, C. B. 1939-1, Part II, at pp. 490 and 532.) These Committee Reports are quoted from in our opening brief, page 29, and in our supplementary brief, page 9. It therefore is clear that such a trust could not be taxed if created before June 6, 1932.

There is nothing in the Church decision to affect the analysis of the facts in this case. The Church case involved a different set of facts. None of the language in the Church opinion deals with taxability where the decedent reserves a right to income for a period ending before his death.

We therefore submit that the Memorandum Opinion is wholly in error in relying upon the Church decision as the basis for a decision herein. That that case has nothing to do with this situation. A decision herein can be based only upon a detailed analysis of the provisions of the trust and the law applicable thereto, as was done in our opening brief.

The reasons why the Church decision is not applicable herein appear more fully in our Supplementary Brief to Analyze Church Decision, filed

with the Court on April 13, 1949, which the Division refused to consider.

It is therefore respectfully urged that the Memorandum Opinion of the Division is in error and that this proceeding should be reviewed by the entire Court.

Dated: April 21, 1949.

/s/ JOSEPH D. BRADY,

/s/ WALTER L. NOSSAMAN,

/s/ LUCIEN W. SHAW,

Attorneys for Petitioners.

[U.S. Tax Court Stamp]: Denied April 27, 1949.

/s/ BOLON B. TURNER,

Presiding Judge.

Received and filed April 25, 1949 T.C.U.S.

[Title of Court and Cause.]

RESPONDENT'S COMPUTATION FOR ENTRY OF DECISION

The attached proposed computation is submitted, on behalf of the respondent, to The Tax Court of the United States, in compliance with its opinion determining the issues in this proceeding.

This computation is submitted in accordance with the opinion of the Court, without prejudice to the respondent's right to contest the correctness of the

decision entered herein by the Court, pursuant to the statutes in such cases made and provided.

/s/ CHARLES OLIPHANT,

Chief Counsel, Bureau of Internal Revenue.

Of Counsel:

B. H. NEBLETT,
DIVISION COUNSEL.

E. C. CROUTER,

E. A. TONJES,

Special Attorneys, Bureau of
Internal Revenue.

Received and filed May 3, 1949 T.C.U.S.

April 22, 1949.

C—TS:PD
LA:BSF

Recomputation Statement

In re: Estate of Myron Selznick, Deceased
Bank of America National Trust and
Savings Association
David O. Selznick and Charles H. Sachs,
Executors
469 North Beverly Drive
Beverly Hills, California

Docket No. 14985

Date of Death: March 23, 1944.

Estate Tax Liability

Tax Liability	Tax Assessed	Deficiency
\$493,942.36	\$294,099.92	\$199,842.44 (*)

The adjustments shown in the attached schedules have been made in accordance with the memorandum opinion of The Tax Court of the United States, entered April 11, 1949, for decision under Rule 50.

(*) In the event that evidence of payment of State inheritance taxes in the amount of \$63,019.78 is filed before the ex-

piration of 60 days after the decision of The Tax Court of the United States becomes final, the deficiency of \$199,842.44 shown above will be reduced to \$136,822.66.

Estate of Myron Selznick

Date of Death : March 23, 1944

Recomputation Statement

Schedule 1

Adjustments to Net Estate

	For Basic Tax	For Addi- tional Tax
Net estate as shown in statutory notice dated March 27, 1947.....	\$1,794,519.34	\$1,834,519.93
Net estate as adjusted.....	1,378,434.18	1,418,434.18
Adjustment (decrease)	\$ 416,085.75	\$ 416,085.75
Reductions in value and increases in deductions:		
(a) Stocks and bonds.....		\$ 19,158.34
(b) Other miscellaneous property		342,656.62
(c) Transfers		None
(d) Debts of decedent.....		20,681.00
(e) Taxes and administration expenses.....		33,589.75
Total		\$416,085.75

Schedule 2

Explanation of Adjustments

	Value deter- mined in statutory notice	Revised determination
(a) Stocks and Bonds:		
(1) Item 22	\$ 39,958.34	\$ 26,000.00
(2) Item 25	12,000.00	6,800.00
Total	\$ 51,958.34	\$ 32,800.00
Difference (decrease)		\$ 19,158.34

Schedule 2 (Continued)

Estate of Myron Selznick
Date of Death : March 23, 1944

Recomputation Statement

	Value deter- mined in statutory notice	Revised determination
(b) Other Miscellaneous Property:		
(3) Item 54	\$ 271,590.21	\$ 137,774.00
(4) Item 55	9,594.77	5,890.72
(5) Item 59	200,000.00	20,000.00
(6) Item 64 (settlement with M. Roberts)	6,500.00	3,250.00
(7) Item 65 (claim against Robert Donat)	21,886.36	None
Totals	\$ 509,571.34	\$ 166,914.72
Difference		342,656.62
(c) Transfers during decedent's life:		
(8) Item 1	\$ 283,769.62	\$ 283,769.62
(9) Item 2	188,275.31	188,275.31
Totals	\$ 472,044.93	\$ 472,044.93
Adjustments — none		

It is held by The Tax Court of the United States that "property transferred to a trust under which the life estate in the income was reserved to the donor is includible in the gross estate of deceased donor under section 811(c) Internal Revenue Code."

Allowance as shown
in statutory notice as revised

(d) Debts of decedent:		
(10) Item 4	none	none
(11) Item 26	none	\$20,681.00
	none	\$20,681.00
Difference (decrease)		\$20,681.00

A claim of Mildred Selznick against the decedent's estate in the amount of \$27,575.00 is allowable as a deduction for federal estate tax purposes in the amount of \$20,681.00.

Schedule 2 (Continued)

Estate of Myron Selznick

Date of Death: March 23, 1944

Recomputation Statement

(e) Federal and state income taxes and state property taxes and interest thereon accrued prior to the date of the decedent's death, and administration expenses incurred by the estate, not claimed in the estate tax return nor allowed in the 90-day letter are properly deductible in an amount of \$33,589.79.

Schedule 3

Computation of Estate Tax

Net estate for basic tax, Schedule 1..	\$1,378,434.18
Net estate for additional tax, Schedule 1	\$1,418,434.18
Gross basic tax	\$ 78,774.73
Credit for estate and inheritance tax	None
Net basic tax	\$ 78,774.73
Total gross taxes (basic and additional)	\$ 493,942.36
Gross basic tax	78,774.73
Gross additional tax	415,167.63
Total net basic and additional taxes	\$ 493,942.36
Estate tax assessed: July 1945 list, Page 102, Line 3....	294,099.92
Deficiency	\$ 199,842.44

[Title of Court and Cause.]

STIPULATION WITH RESPECT TO ENTRY
OF DECISION UNDER RULE 50

It is hereby stipulated and agreed by the parties to the above-entitled proceeding by their respective counsel as follows:

1. The Tax Court may enter its decision based upon respondent's computation for entry of decision which was filed with the Court on May 3, 1949, both parties reserving, however, the right to contest the correctness of such decision in the appellate courts as provided by statute.

2. In the event that evidence of payment of State inheritance taxes is filed before the expiration of 60 days after the decision of the Tax Court of the United States becomes final the deficiency of \$199,842.44, which is computed without reference to credit for such State inheritance taxes, shall be appropriately reduced.

3. In the event that proceedings are had in the appellate courts, the deficiency above mentioned shall be reduced still further in such amount as will reflect a deduction for legal fees and expenses incident to such appellate proceedings, no deduction therefor having been reflected in respondent's computation filed May 3, 1949.

4. The respondent will, upon request, join petitioners in requesting the Court of Appeals for the Ninth Circuit or the Supreme Court of the United States to remand this proceeding to the Tax Court for the purpose of revising the deficiency to carry

out the provisions of paragraphs 2 and 3 of this stipulation.

Dated: May 23, 1949.

/s/ JOSEPH D. BRADY,

/s/ LUCIEN W. SHAW,

Counsel for Petitioners.

/s/ CHARLES OLIPHANT,

Chief Counsel, Bureau of Internal Revenue.

Filed May 31, 1949 T.C.U.S.

[Title of Court and Cause.]

DECISION

Under written stipulation signed by counsel for the parties in the above-entitled proceedings and filed with the Court on May 31, 1949, at Washington, D. C., it is

Ordered and Decided: That there is a deficiency in estate tax of \$199,842.44.

[Seal] /s/ ERNEST H. VAN FOSSAN,
Judge.

Entered June 3, 1949.

Served June 3, 1949.

[Title of Court and Cause.]

ORDER AND DECISION

Pursuant to the Court's Memorandum Opinion entered April 1, 1949, the respondent filed a proposed computation of tax on May 3, 1949, and a written stipulation signed by counsel for the parties having been filed on May 31, 1949, now, therefore, it is

Ordered and Decided: That the decision entered herein on June 3, 1949, be and the same is hereby vacated and set aside, and it is further

Ordered and Decided: That there is a deficiency in estate tax of \$199,842.44.

/s/ C. R. ARUNDELL,

Judge.

Entered June 7, 1949.

Served June 8, 1949.

In the United States Court of Appeals
For the Ninth Circuit

Tax Court Docket No. 14,985

ESTATE OF MYRON SELZNICK, Deceased,
BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION, DAVID
O. SELZNICK and CHARLES H. SACHS,
Executors,

Petitioners on Review,
vs.

COMMISSIONER OF INTERNAL REVENUE,
Respondent on Review.

PETITION FOR REVIEW

To the Honorable Judges of the United States
Court of Appeals for the Ninth Circuit:

Now come Estate of Myron Selznick, Deceased,
Bank of America National Trust and Savings As-
sociation, David O. Selznick and Charles H. Sachs,
Executors, by Joseph D. Brady, Walter L. Noss-
man and Lucien W. Shaw, their attorneys, and
respectfully show:

I.

Nature of Controversy

Petitioners are executors of the Estate of Myron
Selznick who died a resident of Beverly Hills, Cal-
ifornia, on March 23, 1944.

On January 29, 1932, said decedent executed a
Declaration of Trust naming the Citizens National

Trust and Savings Bank of Los Angeles as trustee and said bank accepted said trust.

On January 29, 1932, said decedent transferred to the trust, assets (other than life insurance contracts) having a value on the date of his death of \$152,951.83. Decedent also transferred to the trust nine life insurance contracts owned by him. The portion of the proceeds of said life insurance contracts (as of the date of decedent's death) allocable to premiums paid prior to January 10, 1941, was \$148,805.10.

The respondent in his 90-Day Letter determined that these transfers to said trust by the decedent were includible in gross estate for Federal estate tax purposes as transfers "intended to take effect in possession or enjoyment at decedent's death" coming "within the provisions of section 811 (c) of the Internal Revenue Code."

Petitioners have denied that said transfers were intended to take effect in possession or enjoyment at decedent's death because all of decedent's rights to income or other possession or enjoyment of the trust assets ended, under the terms of the trust, prior to the date of decedent's death. Therefore, petitioners urge, the transfers were not includible in gross estate under section 302(c) of the Revenue Act of 1926 as amended by the Joint Resolution of March 3, 1931 (Public Number 131, 71st Congress), which was the law applicable to these transfers, nor under section 811(c) I.R.C., cited by the Commissioner.

Petitioners have also asserted that said transfers are not includible in gross estate under any other provision of the Internal Revenue Code, which the respondent did not deny before the Tax Court of the United States.

The Tax Court upheld the determination of the respondent that said transfers were includible in gross estate. In doing so it relied solely upon the decision of the Supreme Court in *Commissioner v. Estate of Francois L. Church, Deceased* (January 17, 1949), although that case involved a trust in which the decedent had reserved a right to income for life ending only at the moment of his death, whereas in this case, under the trust, the decedent's right to income ended before his death. (The Tax Court gave the petitioners no opportunity to be heard on the application of the Church case because that case was decided after petitioners filed their opening brief, and the Court entered its decision without waiting for a brief from the respondent or permitting the petitioners to file the usual reply brief in which the Church case would have been discussed.)

The Tax Court erred:

1. In holding and deciding that transfers of decedent to said trust of \$152,951.83 (with respect to assets other than life insurance contracts) and of \$148,805.10 (with respect to life insurance contracts) were includible in the decedent's gross estate for Federal estate tax purposes.

2. In holding and deciding that there was any

deficiency in Federal estate tax based on including said transfers in gross estate.

3. In rendering an opinion and decision which, in the respects above enumerated, are contrary to the controlling law and regulations and are not supported by any evidence in the case.

II.

Declaration of Court in Which Review Is Sought

Petitioners hereby declare that they seek a review of the decision of the Tax Court of the United States by the United States Court of Appeals for the Ninth Circuit.

III.

Allegations to Establish Venue and Jurisdiction

Myron Selznick, the decedent herein, died a resident of Beverly Hills, California, on March 23, 1944. His estate is being administered under the laws of the State of California. The petitioners herein, Bank of America National Trust and Savings Association, a national banking association, David O. Selznick, and Charles H. Sachs, are the duly appointed and acting executors of the last will and testament of Myron Selznick. This case involves the Federal estate tax liability of petitioners as executors of said estate.

Venue in the United States Court of Appeals for the Ninth Circuit is established by the fact that the petitioners' estate tax return (Form 706) was filed with the Collector of Internal Revenue for the Sixth District of California, located at Los Ange-

les, which collection district is within the jurisdiction of the Court of Appeals for the Ninth Circuit, and by the fact that the parties hereto have not stipulated that the decision by the Tax Court may be reviewed by any Court of Appeals other than the one herein designated.

The amount of the deficiency in estate tax determined by the Tax Court (prior to the allowance of any credit for State inheritance tax) was \$199,842.44. Said deficiency represents the estate tax payable as a result of inclusion in gross estate of (a) certain amounts to which the parties agreed in a stipulation dated and filed with the Tax Court on November 29, 1948, and which are not in controversy, and (b) the transfers to the trust dated January 29, 1932, made by decedent and referred to under heading I above, the inclusion of which in the gross estate represents the matter in controversy on this appeal.

The proceedings upon which the decision of the Tax Court determining said deficiency was based, were as follows: On April 1, 1949, the Tax Court promulgated its Memorandum Opinion (per Judge Van Fossan), holding that said transfers to the trust, described under heading I above, were includible in gross estate. Thereafter, based on the fact that they had had no opportunity to argue the nonapplicability of the Church decision referred to in heading I above, the petitioners filed with the Tax Court (1) on April 13, 1949, a Motion to Withdraw Memorandum Opinion and to permit Filing of Petitioners' Supplementary Brief, which motion

was denied by the Tax Court on April 14, 1949, and (2) on April 25, 1949, a Motion for Review by the Court of Report of a Division, which motion was denied by the Tax Court on April 27, 1949.

On June 7, 1949, pursuant to its Memorandum Opinion, the Tax Court entered its Order and Decision that there is a deficiency in estate tax of \$199,842.44. This petition for review is for a review of said decision by the Tax Court holding that transfers to the trust made by the decedent on January 29, 1932, in the total amounts of \$152,951.83 and \$148,805.10 respectively are to be included in gross estate, and is filed pursuant to the provisions of sections 1141 and 1142 of the Internal Revenue Code.

Wherefore, Petitioners pray that the decision of the Tax Court of the United States be reviewed by the United States Court of Appeals for the Ninth Circuit; that a transcript of the record be prepared in accordance with the law and the rules of said Court and be transmitted to the Clerk of said Court for filing; and that appropriate action be taken to the end that the errors herein complained of may be reviewed and corrected by said Court.

Dated July 26, 1949.

/s/ JOSEPH D. BRADY,

/s/ WALTER L. NOSSAMAN,

/s/ LUCIEN W. SHAW,

Counsel for Petitioners on
Review.

Filed July 29, 1949 T.C.U.S.

In the Tax Court of the United States

Docket No. 14,985

ESTATE OF MYRON SELZNICK, Deceased,
BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION, DAVID
O. SELZNICK and CHARLES H. SACHS,
Executors,

Petitioners,

vs.

COMMISSIONER OF INTERNAL REVENUE,
Respondent.

PETITIONERS' DESIGNATION OF
CONTENTS OF RECORD ON REVIEW

To the Clerk of the Tax Court of the United States:

The above-designated petitioners, being also the petitioners on review, hereby designate for inclusion in the record for consideration by the United States Court of Appeals for the Ninth Circuit on review of the decision of the Tax Court of the United States entered in said proceeding on June 7, 1949, the entire record as follows:

1. The docket entries of all proceedings before the Tax Court.

2. Pleadings before the Tax Court, including:

(a) Petition, including annexed Exhibit A (being a copy of deficiency letter and statement attached thereto).

(b) Answer.

3. Stipulation between the parties dated November 29, 1948, and filed with the Tax Court upon said date.

4. Exhibits to the stipulation referred to in paragraph 3, as follows:

(a) Exhibit 1-A—Declaration of Trust. Three duplicate copies of said Exhibit are filed herewith; the proper number thereof may be compared and certified and included in the record.

(b) Exhibits 2-B, 3-C, 4-D, 5-E, 6-F, 7-G, 8-H, 9-I and 10-J—insurance policies. Copies of said exhibits may be included in the record, except that, if the United States Court of Appeals for the Ninth Circuit orders and directs the transmission of the original exhibits on file with the Clerk of the Tax Court to said Court of Appeals in their original form for the inspection of that Court, the transmission of such original exhibits shall be made in lieu of copying the same into the record.

(c) Exhibit 11-K—Statement of Payments of Net Income to Myron Selznick from Trust Number 6969, Made by Citizens National Trust and Savings Bank of Los Angeles as Trustee. Three duplicate copies of said Exhibit are filed herewith; the proper number thereof may be compared and certified and included in the record.

5. The Memorandum Opinion of the Tax Court entered April 1, 1949.

6. Motion to Withdraw Memorandum Opinion and to Permit Filing of Petitioners' Supplementary Brief and Supplementary Brief, filed April 13,

1949, and order denying said motion, dated April 14, 1949.

7. Motion for Review by the Court of Report of a Division, filed April 25, 1949, and order denying said motion dated April 27, 1949.

8. Respondent's Computation for Entry of Decision filed May 3, 1949.

9. Stipulation with respect to Entry of Decision Under Rule 50 filed May 31, 1949.

10. Decision entered June 3, 1949.

11. Order and Decision entered June 7, 1949.

12. Petition for Review by the United States Court of Appeals for the Ninth Circuit.

13. Notice of Filing Petition for Review, together with proof of service thereof and of service of a copy of the Petition for Review.

14. This Designation of Contents of Record on Review.

Request is hereby made that a transcript of said record be prepared, certified and transmitted by the Clerk of the Tax Court of the United States to the Clerk of the United States Court of Appeals for the Ninth Circuit as required by law and the rules of said Circuit Court of Appeals.

Dated: July 26, 1949.

/s/ JOSEPH D. BRADY,

/s/ WALTER L. NOSSAMAN,

/s/ LUCIEN W. SHAW,

Counsel for Petitioners.

Personal service of a copy of the foregoing Designation is hereby acknowledged as having been made this 1st day of August, 1949.

GEORGE J. SCHOENEMAN,
Commissioner of Internal
Revenue, Respondent.

/s/ CHARLES OLIPHANT,
Chief Counsel for the Bureau
of Internal Revenue.

Filed July 29, 1949 T.C.U.S.

Undocketed

In the United States Court of Appeals
For the Ninth Circuit

Tax Court Docket No. 14,985

ESTATE OF MYRON SELZNICK, Deceased,
BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION, DAVID
O. SELZNICK and CHARLES H. SACHS,
Executors,

Petitioners on Review,

vs.

COMMISSIONER OF INTERNAL REVENUE,
Respondent on Review.

MOTION FOR TRANSMISSION OF ORIG-
INAL EXHIBITS ON FILE WITH THE
TAX COURT.

To the Honorable William Denman, Chief Judge

of the United States Court of Appeals for the Ninth Circuit, and to the other Judges of said Court:

The above-designated petitioners on review were petitioners in a proceeding before the Tax Court of the United States, bearing docket number 14,985, in which proceeding the Tax Court rendered its decision on June 7, 1949, that there is a deficiency in federal estate tax owing by said petitioners in the amount of \$199,842.44. Petitioners have duly filed their petition for a review of said decision by this Court, and have filed their designation of the contents of the record on review. In said designation it is requested that there be included in said record the complete record of all the proceedings taken before the Tax Court of the United States, together with copies of exhibits, except that if the United States Court of Appeals for the Ninth Circuit directs the transmission of certain of said exhibits, namely, Exhibits 2-B, 3-C, 4-D, 5-E, 6-F, 7-G, 8-H, 9-I and 10-J, which are photostatic copies of insurance contracts, for the inspection of the Court of Appeals, said exhibits may be omitted from the transcript prepared by the Clerk of the Tax Court and transmitted in original form.

The exhibits referred to are photostatic copies of insurance contracts which it would be impractical to attempt to copy in a form which would be intelligible to this Court.

Petitioners therefore respectfully request that this Court direct the Clerk of the Tax Court to

furnish to this Court the original exhibits numbered 2-B, 3-C, 4-D, 5-E, 6-F, 7-G, 8-H, 9-I and 10-J, on file with the Clerk of the Tax Court in said proceeding, bearing docket number 14,985, in the files of said Court, said original exhibits to be in lieu of copying the same into the transcript prepared by the Clerk of the Tax Court of the record on review herein.

Dated: July 29, 1949.

/s/ JOSEPH D. BRADY,

/s/ WALTER L. NOSSAMAN,

/s/ LUCIEN W. SHAW,

Counsel for Petitioners on
Review.

[Title of Court of Appeals and Cause.]

ORDER DIRECTING TRANSMISSION OF
ORIGINAL EXHIBITS ON FILE WITH
THE TAX COURT

The above-designated petitioners on review have duly filed their petition for a review of the decision of the Tax Court of the United States in a proceeding before said Tax Court bearing docket number 14,985, which decision was entered by said Court on June 7, 1949. Said petitioners have also duly filed their designation of the contents of the record on review and have presented to this Court their motion for transmission of original exhibits on file

with the Tax Court in lieu of transcribing said exhibits into the record on review.

Accordingly, It Is Hereby Ordered that the Clerk of the Tax Court of the United States be, and he is hereby, directed to furnish the United States Court of Appeals for the Ninth Circuit the original exhibits numbered 2-B, 3-C, 4-D, 5-E, 6-F, 7-G, 8-H, 9-I and 10-J, on file with the Clerk of the Tax Court in said action, bearing docket number 14,985, in the files of said Court, said original exhibits to be furnished in lieu of copying the same into the transcript prepared by the Clerk of the Tax Court of the record on review herein.

Dated: August 2, 1949.

WILLIAM DENMAN,
Chief Judge of the United States Court of Appeals
for the Ninth Circuit.

HOMER T. BONE,
WILLIAM E. ORR.

A true copy.

Attest. August 3, 1949.

PAUL P. O'BRIEN,
Clerk.

[Seal] By /s/ F. SCHMID,
Deputy.

[Endorsed]: Filed August 2, 1949 U.S.C.A.

[Endorsed]: Received and filed Aug. 8, 1949
T.C.U.S.

The Tax Court of the United States
Washington

Docket No. 14,985

ESTATE OF MYRON SELZNICK, Deceased,
BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION, DAVID
O. SELZNICK and CHARLES H. SACHS,
Executors,

Petitioners,

vs.

COMMISSIONER OF INTERNAL REVENUE,
Respondent.

CERTIFICATE

I, Victor S. Mersch, Clerk of The Tax Court of the United States do hereby certify that the foregoing documents, 1 to 15 inclusive, constitute and are all of the original papers and proceedings on file in my office as called for by the "Designation as to Contents of Record of Review" in the proceeding before The Tax Court of the United States entitled "Estate of Myron Selznick, Deceased, Bank of America National Trust and Savings Association, David O. Selznick and Charles H. Sachs, Executors, Petitioners, v. Commissioner of Internal Revenue, Respondent," Docket Number 14985 and in which the petitioners in The Tax Court proceeding has initiated an appeal as above numbered and entitled, together with a true copy of the docket entries in said Tax Court proceeding, as the same

appear in the official docket book in my office.

In testimony whereof, I hereunto set my hand and affix the seal of The Tax Court of the United States, at Washington, in the District of Columbia, this 18th day of August, 1949.

[Seal] /s/ VICTOR S. MERSCH,

Clerk, The Tax Court of the
United States.

[Endorsed]: No. 12335. United States Court of Appeals for the Ninth Circuit. Estate of Myron Selznick, Deceased, Bank of America National Trust and Savings Association, David O. Selznick and Charles H. Sachs, Executors, Petitioners, vs. Commissioner of Internal Revenue, Respondent. Transcript of the Record. Upon Petition to Review a Decision of The Tax Court of the United States.

Filed August 22, 1949.

/s/ PAUL P. O'BRIEN,

Clerk of the United States Court of Appeals for the
Ninth Circuit.

In the United States Court of Appeals,
For the Ninth Circuit

No. 12335

ESTATE OF MYRON SELZNICK, Deceased,
BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION, DAVID
O. SELZNICK and CHARLES H. SACHS,
Executors,

Petitioners on Review,

vs.

COMMISSIONER OF INTERNAL REVENUE,
Respondent on Review.

Tax Court Docket No. 14,985

PETITIONERS' DESIGNATION OF
CONTENTS OF RECORD ON REVIEW

To the Clerk of the above-entitled Court, and to
Messrs. Theron L. Caudle, Assistant Attorney
General, and Charles Oliphant, Chief Counsel,
Bureau of Internal Revenue, Counsel for Re-
spondent on Review:

The petitioners above, by their attorneys, hereby
designate for inclusion in the transcript of record
upon review the entire record before The Tax Court
of the United States as transmitted to the Clerk
of this Court by the Clerk of the Tax Court, as
follows:

A. Documents to be included in printed record:

	Document No. Designated by Clerk of Tax Court
Docket Entries	1
Petition	2
Answer	3
Stipulation	4
	Portion of
Exhibits 1-A and 11-K.....	5
(For Exhibits 2-B through 10-J, see Heading B., below)	
Memorandum Opinion	6
Motion to Withdraw Memorandum Opinion and to Permit Filing of Petitioners' Supple- mental Brief—Denied	7
Motion for Review by the Court of Report of a Division—Denied	8
Respondent's Computation for Entry of Decision	9
Stipulation with Respect to Entry of Decision Under Rule 50.....	10
Decision	11
Order and Decision.....	12
Petition for Review and Proof of Service.....	13
Petitioners' Designation of Contents of Record on Review (to Tax Court).....	14
Court Order re Original Exhibits.....	15
Certificate and Seal.....	—
Statement of Points on which Petitioners Intend to Rely on Review.....	—
Motion for Consideration of Original Exhibits..	—
Order for Consideration of Original Exhibits (if Granted by Court).....	—

This Designation of Contents of Record on
Review —

B. Exhibits to be considered by the Court in Original form, if ordered by the Court:

If ordered by this Court of Appeals pursuant to Motion and Order filed herewith, Exhibits 2-B, 3-C, 4-D, 5-E, 6-F, 7-G, 8-H, 9-I, and 10-J, which are a part of Document Number 5 as filed with the Clerk of this Court by the Clerk of the Tax Court, shall be considered by this Court in their original form as though set out in the printed record. If this Court does not order the consideration of said Exhibits in their original form, then they shall be included in the printed record by the Clerk herein.

Dated: August 27, 1949.

/s/ JOSEPH D. BRADY,

/s/ WALTER L. NOSSAMAN,

/s/ LUCIEN W. SHAW,

Counsel for Petitioners
on Review.

[Title of Court of Appeals and Cause.]

AFFIDAVIT OF SERVICE BY MAIL

State of California,

County of Los Angeles—ss.

Virginia L. Haroff, being first duly sworn, deposes and says: That this affiant is a citizen of the United States of America, a resident of the County of Los Angeles, over the age of eighteen years, not

a party to the within and above entitled action; that this affiant is making this service for Joseph D. Brady, Walter L. Nossaman and Lucien W. Shaw, who are the attorneys for the Petitioners in this action.

That on the 29th day of August, 1949, affiant served the within Petitioners' Designation of Contents of Record on Review on the Respondent in this action by placing a true copy thereof in an envelope addressed to one of the attorneys of record for said Respondent at the business address of said attorney, as follows: Theron L. Caudle, Esq., Assistant Attorney General, Department of Justice, Washington 25, D. C., by then sealing said envelope and depositing the same, with postage thereon fully prepaid, in the United States Post Office at Los Angeles, California.

That there is delivery service by United States mail at the place so addressed or there is a regular communication by mail between the place of mailing and the place so addressed.

/s/ VIRGINIA L. HAROFF.

Subscribed and sworn to before me this 29th day of August, 1949.

[Seal] /s/ JULIA M. FITZSIMMONS,
Notary Public, in and for the County of Los Angeles, State of California.

My commission expires February 17, 1952.

[Endorsed]: Filed Aug. 30, 1949.

[Title of Court of Appeals and Cause.]

STATEMENT OF POINTS ON WHICH PETITIONERS INTEND TO RELY ON REVIEW

Petitioners hereby designate the following as the points upon which they intend to rely in the review of the above proceeding by the United States Court of Appeals for the Ninth Circuit:

1. The Tax Court of the United States erred in deciding that transfers of decedent to a trust created on January 29, 1932, totaling \$301,756.93, were includible in the decedent's gross estate for federal estate tax purposes, in reliance solely upon the decision of the Supreme Court in the case of *Commissioner v. Francois L. Church, Deceased*, (1949) 335 U. S. 632, 69 S.Ct. 322, without giving petitioners any opportunity to argue the effect of such decision herein.

2. The decedent did not retain for his life, or any period not ending before his death, the possession or enjoyment of, or the income from, the property thus erroneously included in decedent's gross estate by the Tax Court. (Sec. 302(c)(1) of the Revenue Act of 1926, as amended by the Joint Resolution of March 3, 1931.)

3. The decedent did not retain for his life or any period not ending before his death the right to designate the persons who shall possess or enjoy the property thus erroneously included in gross estate by the Tax Court, or the income therefrom. (Sec. 302(c)(2) of the Revenue Act of 1926, as amended by the Joint Resolution of March 3, 1931.)

4. With respect to none of the property erroneously included in decedent's gross estate by the Tax Court, was the enjoyment thereof as of the date of decedent's death subject to any change through the exercise of a power either by the decedent alone, or in conjunction with any person, to alter, amend or revoke. (Sec. 302(d), Revenue Act of 1926.)

5. With respect to life insurance contracts which were a part of the property erroneously included in the decedent's gross estate by the Tax Court, at no time after January 10, 1941, did the decedent possess any incident of ownership therein. (Sec. 811 (g), Internal Revenue Code.)

6. The Tax Court erred in holding and deciding that there was any deficiency in Federal estate tax based on including in gross estate said transfers by decedent of property to said trust.

7. The Tax Court erred in rendering an opinion and decision which, in the respects above enumerated, are contrary to the controlling law and regulations, and are not supported by any evidence in the case.

Dated: August 27, 1949.

/s/ JOSEPH D. BRADY,
/s/ WALTER L. NOSSAMAN,
/s/ LUCIEN W. SHAW,

Counsel for Petitioners
on Review.

[Title of Court of Appeals and Cause.]

AFFIDAVIT OF SERVICE BY MAIL

State of California,
County of Los Angeles—ss.

Virginia L. Haroff, being first duly sworn, deposes and says: That this affiant is a citizen of the United States of America, a resident of the County of Los Angeles, over the age of eighteen years, not a party to the within and above entitled action; that this affiant is making this service for Joseph D. Brady, Walter L. Nossaman and Lucien W. Shaw, who are the attorneys for the Petitioners in this action.

That on the 29th day of August, 1949, affiant served the within Statement of Points on Which Petitioners Intend to Rely on Review on the respondent in this action by placing a true copy thereof in an envelope addressed to one of the attorneys for record for said Respondent at the business address of said attorney, as follows: Theron L. Caudle, Esq., Assistant Attorney General, Department of Justice, Washington 25, D. C., by then sealing said envelope and depositing the same, with postage thereon fully prepaid, in the United States Post Office at Los Angeles, California.

That there is delivery service by United States mail at the place so addressed or there is a regular

communication by mail between the places of mailing and the place so addressed.

/s/ VIRGINIA L. HAROFF.

Subscribed and sworn to before me this 29th day of August, 1949.

[Seal] /s/ JULIA M. FITZSIMMONS,
Notary Public, in and for the County of Los Angeles, State of California.

My commission expires February 17, 1952.

[Endorsed]: Filed Aug. 30, 1949.

[Title of Court of Appeals and Cause.]

MOTION FOR CONSIDERATION OF
ORIGINAL EXHIBITS

On August 2, 1949, the Honorable William Denman, Chief Judge of the United States Court of Appeals for the Ninth Circuit, and the Honorable Homer T. Bone and the Honorable William E. Orr, Judges of said Court, made an order directing that the Clerk of the Tax Court of the United States furnish to this Court original exhibits Numbers 2-B through 10-J, on file with the Clerk of the Tax Court in this proceeding, bearing Docket Number 14,985 in the files of said Court, said original exhibits to be furnished in lieu of copying same into the transcript prepared by the Clerk of the Tax Court of the record on review herein. The record on review, including said original exhibits, was transmitted to the Clerk of this Court by a letter dated August 18, 1949.

Said exhibits transmitted in their original form are photostatic copies of insurance contracts, which would be impractical to attempt to reproduce in printing in a form which would be intelligible to this Court.

Petitioners on review therefore respectfully request that this Court make its order that each of the aforesaid exhibits transmitted in original form, being Numbers 2-B through 10-J, be omitted from the printed record herein and instead be considered by the Court in connection with this review in their original form as though set out in the printed record upon said review.

Dated: August 27, 1949.

/s/ JOSEPH D. BRADY

/s/ WALTER L. NOSSAMAN

/s/ LUCIEN W. SHAW

Counsel for Petitioners
on Review.

[Title of Court of Appeals and Cause.]

ORDER FOR CONSIDERATION OF
ORIGINAL EXHIBITS

The above-designated petitioners on review have duly filed their motion for consideration in their original form of certain exhibits heretofore transmitted to this Court by the Clerk of the Tax Court of the United States, and good cause therefor appearing:

It Is Hereby Ordered that Exhibits 2-B, 3-C, 4-D, 5-E, 6-F, 7-G, 8-H, 9-I, and 10-J, heretofore transmitted to this Court in their original form and now in the files of the above-entitled proceeding on review in this Court, shall be omitted from the printed record on review herein; and that said omitted exhibits shall be considered by this Court in connection with this review in their original form as though set out in said printed record on review.

Dated: August 30, 1949.

/s/ WILLIAM DENMAN

/s/ WILLIAM HEALY,

/s/ HOMER T. BONE

Judges U. S. Court of Appeals
for the Ninth Circuit

[Title of Court of Appeals and Cause.]

AFFIDAVIT OF SERVICE BY MAIL

State of California,

County of Los Angeles—ss.

Virginia L. Haroff, being first duly sworn, deposes and says: That this affiant is a citizen of the United States of America, a resident of the County of Los Angeles, over the age of eighteen years, not a party to the within and above entitled action; that this affiant is making this service for Joseph D. Brady, Walter L. Nossaman and Lucien W. Shaw, who are the attorneys for the Petitioners in this action.

That on the 29th day of August, 1949, affiant served the within Motion for Consideration of Original Exhibits on the Respondent in this action by placing a true copy thereof in an envelope addressed to one of the attorneys of record for said Respondent at the business address of said attorney, as follows: Theron L. Caudle, Esq., Assistant Attorney General, Department of Justice, Washington 25, D. C., by then sealing said envelope and depositing the same, with postage thereon fully prepaid, in the United States Post Office at Los Angeles, California.

That there is delivery service by United States mail at the place so addressed or there is a regular communication by mail between the place of mailing and the place so addressed.

/s/ VIRGINIA L. HAROFF

Subscribed and sworn to before me this 29th day of August, 1949.

[Seal] /s/ JULIA M. FITZSIMMONS
Notary Public, in and for the County of Los Angeles, State of California.

My commission expires February 17, 1952.

[Endorsed]: Filed Sept. 1, 1949.

